
# Due diligence on human rights

## Methodology, criteria and outcomes - 2022

Prysmian Group

Linking the Future

# Due diligence on human rights for internal operations

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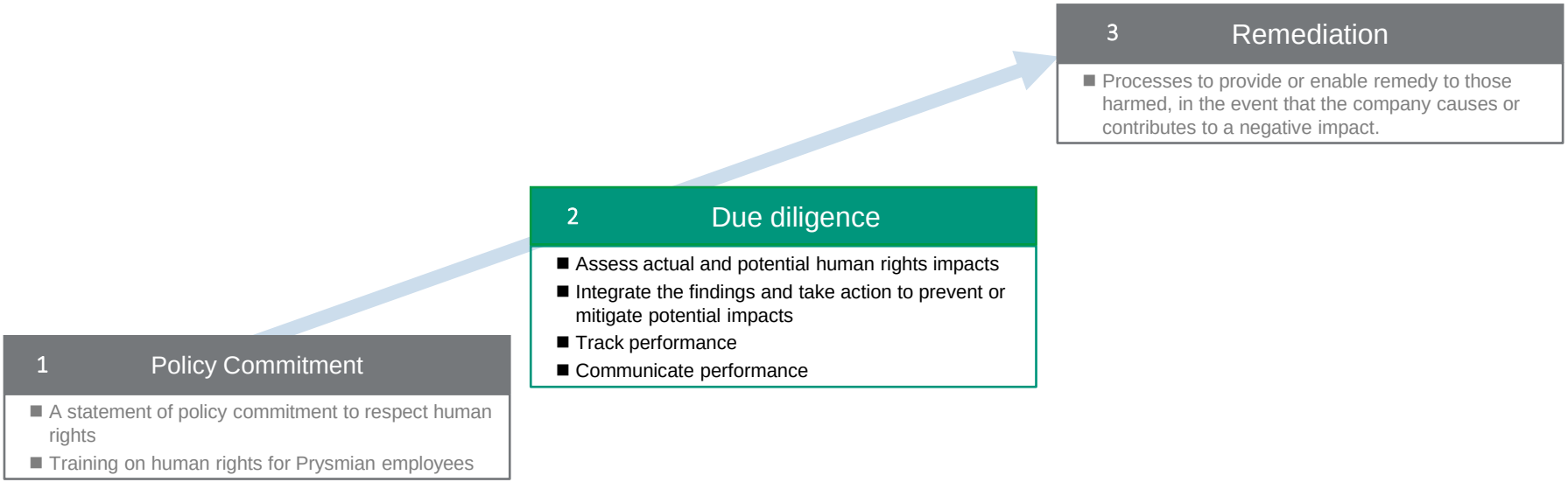
# Due diligence on human rights for internal operations

## Process steps

The **due diligence process** that Prysmian implemented, which began in 2017, is based on **recognized international standards** (such as the ILO Conventions, the Ruggie Framework, etc.) and follows a **three phase approach**.

With respect to these three phases, during 2017 Prysmian issued a **Human Rights Policy** and, following the declaration made in the **DJSI** 2017, began to implement a **due diligence process** to map out the potential human rights impacts that could occur, during and because of, its operations.

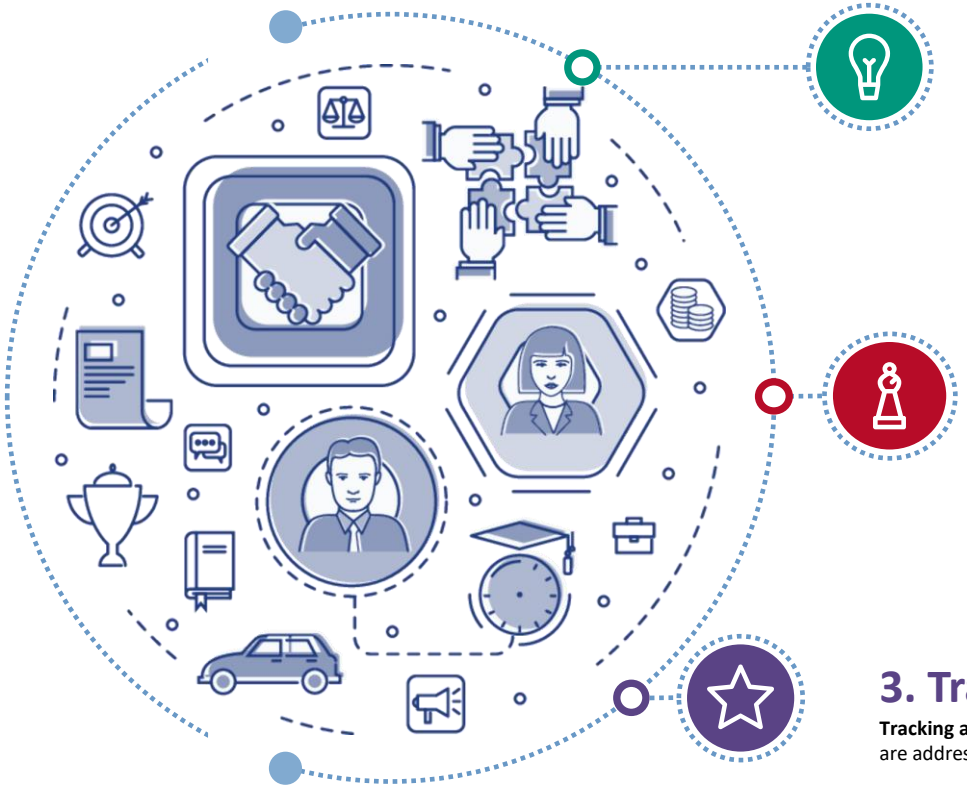
To this end, the **second phase** of the approach is near completion for 2022, and the following slides will present the results.



# Due diligence on human rights for internal operations

## Implementation of the due diligence process

To identify, prevent, mitigate and account for how adverse human rights impacts are addressed, the **due diligence process** can be divided into **three main** steps:



## 1. Risk mapping

The **assessment of actual and potential human rights impacts** that could arise because of Prysmian's operations. This was implemented through a **risk analysis**, following the principles and commitments set out in **Prysmian's Human Rights Policy**.

The evaluation was made through a **desk analysis** focusing on the **country** where the plants are located and based on the **plants**' specifics, from number of employees, to finding from the whistleblowing channel and so on.

## 2. Prevention and mitigation

The **prevention and mitigation of the potential impacts**, the equivalent of **integrating and acting upon findings**, through the implementation of activities such as **on-site audits**.

**On-site audits** will allow to assess the status of **human rights** within the plants considered to be at risk, and to identify actual and potential human rights impacts. Moreover, in case of any non-compliance, it will allow the Group to draw up and **implement corrective actions plans**.

## 3. Tracking and communication

**Tracking and communicating Prysmian's performances** and how impacts are addressed; these can be communicated both internally and externally.

# Assessing actual and potential human rights impacts

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## Analysis process

The process of due diligence was implemented by following these **steps**:

### Definition of the scope

Definition of the **scope** of the analysis by identifying the plants that will be the focus of the **due diligence on human rights.**

### Country analysis

**Risk analysis of the countries** where Prysmian Group operates, with focus on the national and international legal framework and how these are implemented and upheld. **Countries were ranked high and low risk**, from those more at risk to those that are less at risk of actual and potential human rights impacts.

### Plant analysis

**Risk analysis of the plants** in the perimeter based on the plant's specifics and actual performances. A **score** was awarded to identify those more at risk and those less at risk of actual and potential human rights impacts.

### Salient human rights matrix

**Combination of country score and plant score to obtain a final risk score**.

This led to the creation of a **hierarchy** to represent which **plants** in the Group are more at risk of having a **potential negative impact** on human rights.

*A company's **salient human rights issues** are those human rights that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships.*

# Assessing actual and potential human rights impacts

## Definition of the scope of analysis

To define the **scope of analysis,** Prysmian Group followed these steps:

**01**

**First identification**

- In **2017**, prior to the beginning of the due diligence process, the **scope of analysis was defined**. The scope of analysis was based on the legal entities consolidated line by line at 31 December 2017 and, to ensure accuracy, it was decided to include production plants and offices, leaving out of the scope Prysmian's cable boats.
- Moreover, although all plants and offices were mapped in this document, those for which too much information was missing were not included in the scope of analysis or the salient human rights matrix.

**02**

**Review of the first identification**

- In 2020, the analysis was expanded to include the countries where **General Cable** operates, following its acquisition by Prysmian Group
- The scope of the analysis is now based on the list of the legal entities consolidated line by line at 30th June 2020.

**03**

**Review**

- **The analysis does not include ships, offices** and those **plants** from which the completed **human rights questionnaire** was not received (all questionnaires were received in 2022 desk analysis).
- The scope of the analysis is now based on the list of the legal entities consolidated line by line at **31st December.**

**04**

**Conclusion**

- **New scope** defined and beginning of due diligence on identified plants and countries.

# Assessing actual and potential human rights impacts

**Definition of the scope of analysis**

The approach and methodology disclosed in the previous slide resulted in the identification of the plants to analyze, listed below:

## North America

### USA:

- Abbeville
- Bridgewater
- Claremont Cable
- Claremont Fiber
- Lexington
- Schuylkill Haven
- Taunton
- Rocky Mountain
- Du Quoin
- Indianapolis
- Jackson
- Lawrenceburg
- Manchester
- Marion
- Marshall
- Paragould
- Sedalia
- Williamsport
- Willimantic
- Lincoln

### CANADA:

- Prescott
- Saguenay QC - Lapointe
- St Jerome
- St. Maurice
- EHC Oshawa

# Assessing actual and potential human rights impacts

## LATAM

### BRAZIL:

- Cariacica
- Sorocaba Fiber
- Sorocaba MMS + Telecom
- Sorocaba Energy
- Vila Velha
- Joinville
- Poços de Caldas

### COSTA RICA:

- Conducen - San Antonio De Belén

### MEXICO:

- Durango Factory1
- Durango Factory2
- Tetla
- Piedras Negras
- Nogales

### ARGENTINA:

- La Rosa

### COLOMBIA:

- Bogota, Plant Procables

### CHILE:

- Santiago, Chile

# Assessing actual and potential human rights impacts

## APAC

### CHINA:

- Yixing - Wuxi
- Tianjin
- Nantong - Haixue DEP
- Nantong - Zhongyao DEP
- Suzhou Factory
- Yixing
- EHC Shangai (Escalator Handrail)
- EHC Shangai (Lift Components)
- EHC Shangai (Engineered Polymer)

### INDONESIA:

- Cikampek

### MALAYSIA:

- Melaka

### PHILIPPINES:

- Lapu Lapu / Cebu

### THAILAND:

- Rayong Factory

### AUSTRALIA:

- Dee Why
- Liverpool

### NEW ZEALAND:

- New Lynn Factory

# Assessing actual and potential human rights impacts

## EMEA

### HUNGARY:

- Balassagyarmat
- Kistelek factory

### GERMANY:

- Neustadt
- Schwerin
- Wuppertal Factory
- Norimberga Factory
- Berlino Factory
- Nordenham Plant
- EHC Baesweiler

### CZECH REP:

- Velké Mezirící - Factory

### ROMANIA:

- Slatina
- Milcov

### NORWAY:

- Drammen Factory

### FINLAND:

- Oulu Factory
- Pikkala Factory

### THE NETHERLANDS:

- Delft
- Emmen
- Nieuw Bergen
- Eindhoven

### RUSSIA:

- Rybinsk

### SLOVAKIA:

- Prešov

### ESTONIA:

- Keila Factory

### SWEDEN:

- Nässjö

### UK:

- Aberdare
- Bishopstoke
- Wrexham
- Washington

# Assessing actual and potential human rights impacts

## EMEA

### FRANCE:

- Amfreville factory
- Charvieu
- Chavanoz
- Cornimont - Xoulces
- Gron (Sens)
- Paron
- Calais
- Douvrin
- Sainte Geneviève
- Montreau

### IVORY COAST:

- Sicable

### ITALY:

- Battipaglia F.O.S. S.r.l.
- Giovinazzo
- Livorno
- Merlino
- Pignataro Maggiore
- Quattordio ex Alfacavi
- Pozzuoli Arco Felice

### SPAIN:

- Santa Perpetua de Mogoda
- Santander
- Villanueva
- Abrera

### TUNISIA:

- Grombalia
- Menzel Bouzelfa

### PORTUGAL:

- Morelena

### ANGOLA:

- Luanda

### OMAN:

- Sohar
- Muscat

### TURKEY:

- Mudanya

# Assessing actual and potential human rights impacts

## Country analysis

The **risk analysis for the countries** was carried out following these steps:

01

**Process**

- The first step was a thorough **desk analysis** on the **country and institutional context,** with focus on the applicable human right legislative framework. The analysis was structured on the principles of Prysmian Group's Human Rights Policy.
- Following, an analysis was carried out on media articles and civil society reports. to evaluate the effectiveness of the legislative framework on ground.

02

**Awarding a score (Coverage)**

- Following the research and analysis a score was given the countries and these were **ranked** from those considered to be more at risk to those that are less at risk of an **actual and potential human rights impact**. The score (from 1 – low coverage, to 3 – high coverage) was based on the severity of the violations found. on how widespread the impact was and on how difficult it would be to remedy the violation.
- This process was carried out for **each human rights principle analyzed** and the **overall score of the country** was then determined by calculating an **average of the coverages** found for each principle.

03

**Score criteria (Risk)**

Based on the **overall score (coverage) of the country** a risk was awarded based on the following scale:

| Score (Coverage) | Score (Risk) | Score criteria (Risk) |
|---|---|---|
| 0-1.5 Low coverage | 0-1 High risk | Fundamental international conventions not ratified, failure to implement appropriate local laws and occurrence of relevant violations/widespread violations according to the media analysis. |
| 1.51 -2.5 medium coverage | 2 Medium risk | Ratification of fundamental international conventions and implementation of national laws but occurrence of relevant violations according to media analysis/ failure to ratify international conventions. implement appropriate national laws and failure to identify relevant breaches through media analysis. |
| 2.51 -3 high coverage | 3 Low risk | Successful ratification of international conventions and national laws. and no relevant violations according to the media analysis. |

04

**Country Ranking Normalized**

In order to align the methodology used for the calculation of the plant score, the **country score (raking),** which was calculated with the scale (0-1 high risk, 2 medium risk, 3 low risk, value assigned for approximation) previous used, was subsequently normalized by assigning a score between 1 (lower risk) and 5 (high risk).

# Assessing actual and potential human rights impacts

## Plant analysis (1/2)

A **human rights questionnaire** was sent out to all of the plants in the perimeter and the responses received were analyzed through the following methodology:

01

**Plant information**

- The score was defined by analyzing various aspects: **number of headcount and seasonal/ casual workers** in the plant, **overtime hours**, **certifications** and **audits**.
- **Headcount:** the greater the number of headcount and seasonal/ casual workers in the plant, the higher the risk of a human rights impact.
- **Overtime:** the higher the percentage of overtime hours worked in a plant every week, the higher the risk of a negative impact on human rights.
- **Certifications:** comprises two **certifications** (OHSAS 18001/ISO45001 and ISO 14001) and requests whether the plant has obtained certifications in relation to human rights (such as SA8000, ISO 26000, GEEIS). A score of 1 was awarded to a plant that has a certification, a score of 2 if the obtainment of the certification is in progress or has been defined as a target for a set year, and a score of 3, high risk, was awarded to a plant that has no certification place.
- **Audit:** based on whether any points of attention emerged from audits carried out during the year. A score of 1 was awarded if nothing relevant emerged while a score of 3 was awarded if points of attention emerged.

02

**Diversity and inclusion and non-discrimination**

- The score is based on whether the plant has **diversity policies and measures** in place for **women, people with disabilities, LGBTQ+ community**, on whether, if **local minorities or employees belonging to indigenous communities** are present within the plant, specific policies and procedures are implemented at the local level to promote their inclusion and avoid discrimination and on whether **training and awareness campaigns** are carried out on the topic of diversity and inclusion.
- The fewer the elements present to promote and uphold the diversity of the employees and workers present within the plant premises, the higher the risk of an impact on human rights.

03

**Child, forced, bonded and compulsory labor**

- The score is tied to the country analysis and to whether the plant has **policies and measures** in place. If the **country where the plant is located** emerged as being at risk of child, forced, bonded and compulsory labor and the plant does not endorse the **Group or specific local policy**, the higher the risk of an impact on human rights.

# Assessing actual and potential human rights impacts

## Plant analysis (2/2)

04

**Industrial relations, freedom of association and right to collective bargaining**

- The score was awarded based on the industrial relations landscape in the plant: whether the plant has **workers' representatives** and has **frequent consultations** with them or with plant workers and based on the **number of strikes** and the **hours** these lasted. The absence of representatives or few consultations with hours of striking lead to a higher risk of a human rights impact.

05

**Health and safety**

- The indicators collected are number of **fatalities, high consequence injuries**, **work-related ill-health** and the average **frequency index** for the last 4 years period for each plant. The higher these values, the higher the risk of a human rights impact.

06

**Fair wages and equal compensation**

- The score is based on the **ratio of the total female blue collar remuneration** to the **male blue collar remuneration**, on the **ratio of entry level wages** to the **minimum local wage** and based on whether workers receive pay for **overtime hours**.

07

**Training**

- The score is based on **percentage of headcount** that receives any type of **training (i.e. ethics and human rights, health and safety, professional, managerial, on the job training…)** within the plant and on the **average training hours** received by each person.

08

**Whistleblowing**

- Based on whether a case was reported through the **whistleblowing channel** and whether it is related to the principles contained in the **Human Rights Policy**. A score of 1 was awarded if no case was reported, a score of 2 if one case emerged and a score of 3 if more than one case was reported. In addition, if the case/cases that emerged involved **human rights** a score of 3 was awarded to the plant, resulting as being at high risk.

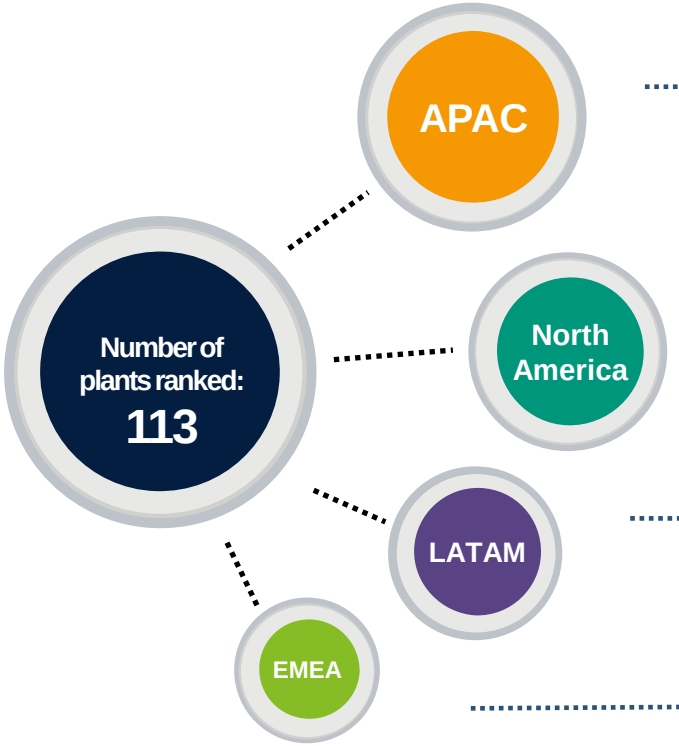
09

**Normalization**

- In order to differentiate better the various plants, a score between 1 (lower risk) to 5 (higher risk) was awarded based on the previous scale used.

# Salient Matrix 2022

By combining the country and plant score, a **salient human rights matrix** was obtained, which will allow Prysmian to identify the plants with potential negative impacts on human rights. **The salient matrix is updated on a yearly basis.**




- **High risk**: 7 plants
- **Medium risk**: 7 plants
- **Low risk**: 2 plants

- **High risk:** 0 plants
- **Medium risk:** 19 plants
- **Low risk:** 6 plants

- **High risk:** 1 plant
- **Medium risk**: 13 plants
- **Low risk**: 2 plants

- **High risk:** 1 plant
- **Medium risk:** 17 plants
- **Low risk:** 38 plants

## OVERALL RESULTS

**9** Plants at high risk

**56** Plants at medium risk

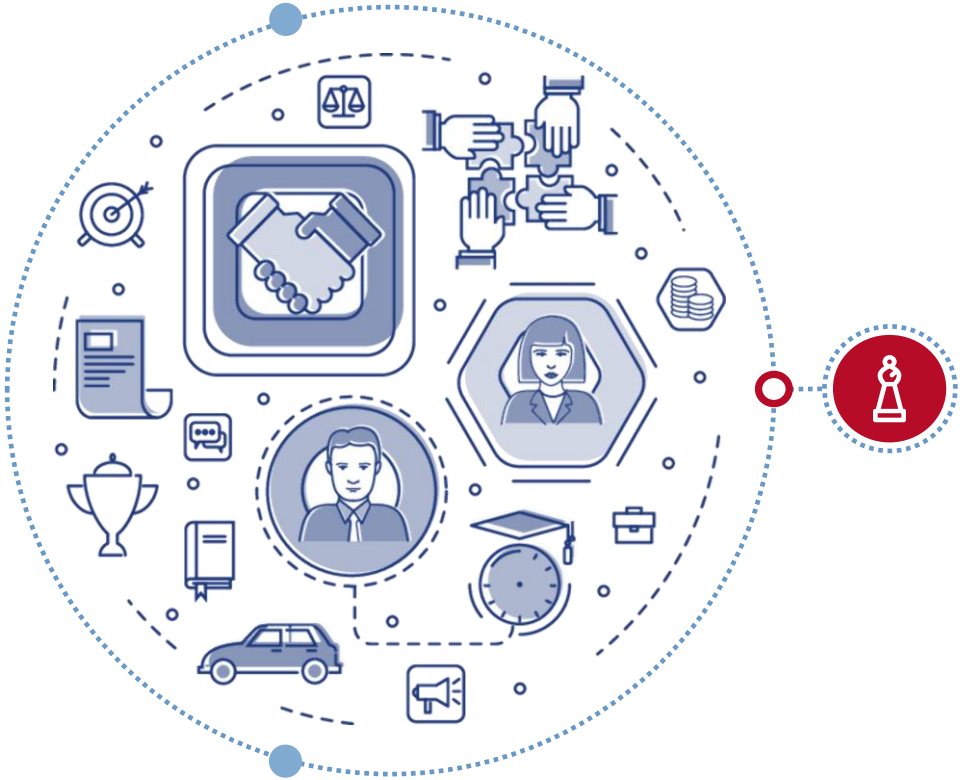
**48** Plants at low risk

# Prevention and Mitigation

# Prevention and Mitigation

### Integrating the findings

As the first phase of the due diligence process was completed for 2022, next steps will include the completion of **phase two** and phase three:



## 2. Prevention and mitigation

The second phase consists in the integration of the findings to prevent or mitigate potential human rights impacts.

In order to do so, an **audit plan for Prysmian Group's operations** will be developed, based on the results of the risk analysis. The audits will be carried out in the plants identified as being at potential medium/high risk.

**Audit activities** will be carried out **remotely** or **on site** and will consist in:

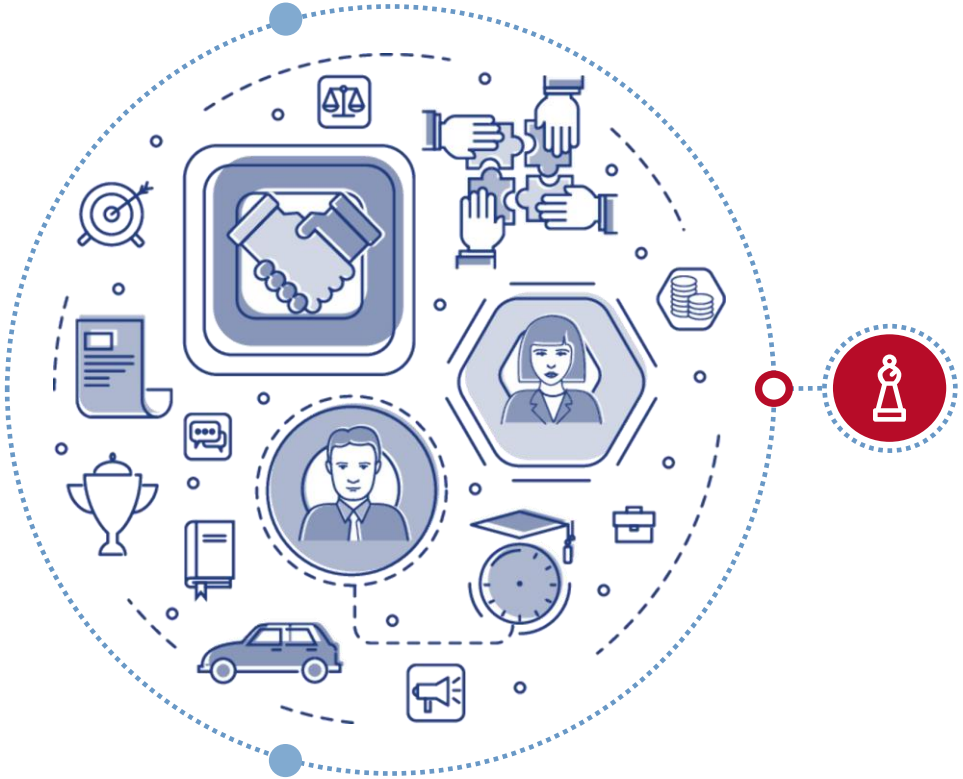
- **Interviews** with Plant managers;
- **Analysis and control of the data and documents** provided by the plant. If deemed necessary, fine-tuning telephone interviews will be held;
- Preparation of a **final report** containing the information and documentation collected throughout the process and any areas of improvement identified.

A **detailed checklist**, developed in 2018, is used during the audits to identify the contents and indicators subject to control. If necessary, the checklist will be customized by country/plant.

# Prevention and Mitigation

## Audit Activities

During 2021 and 2022, Human rights audit activities continued to be carried out successfully based on the results of previous year assessment.



### 2021

During 2021 a Human rights audit was carried out in the following **6** plants

- Paragould
- Rocky Mount
- Cikampek
- Melaka
- Cebu
- Piedras Negras

### 2022

During 2022 a Human rights audit was carried out in the following **6** plants

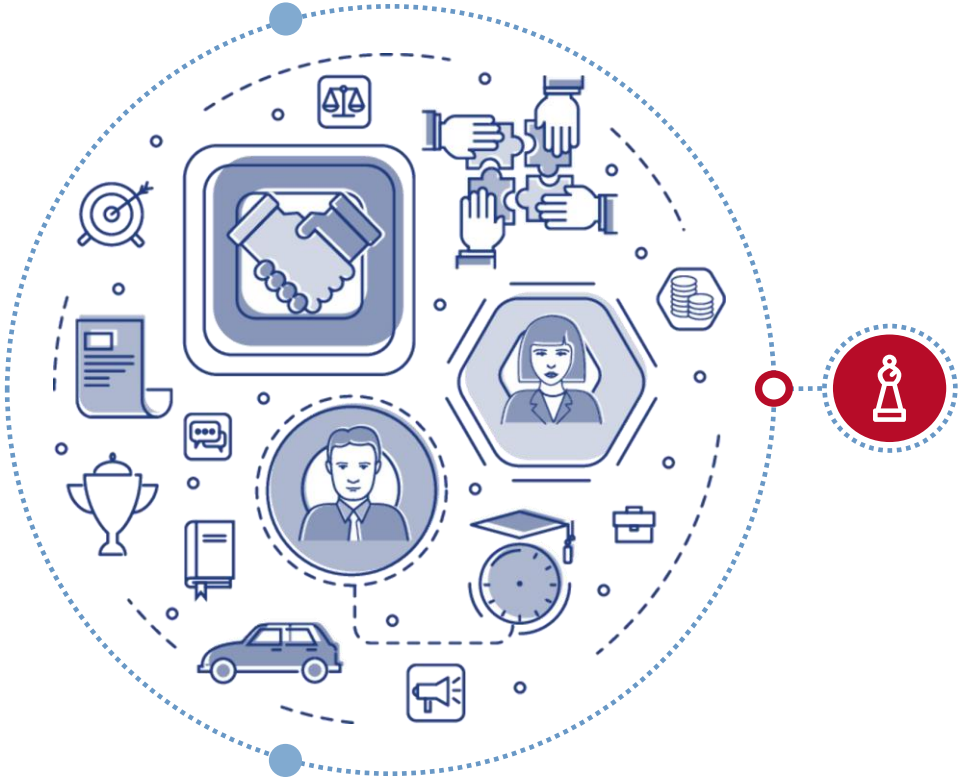
- Arco Felice
- Luanda
- Marshall
- Mudanya
- Nogales
- Santiago

Based on the outcome of 2022 assessment, **9** Human rights Audit are scheduled to be performed during **2023.**

# Prevention and Mitigation

## Mitigation Actions

In case the Audit activities confirmed a human rights risk is **mandatory** for the plants to **develop a structural plan** to fill all gaps identified.
**Examples of corrective actions** implemented so far by the plants are:



**Diversity and Inclusion and Non-Discrimination:** Revision of local policies and procedures for maternity leave to be better aligned with the global ones and formalization of D&I action plans, including improvement of areas in collaboration with the HSE department to better address the needs of vulnerable groups (such as pregnant women, elderly and people with disabilities). Communication campaign on Anti-harassment Policy and anti-harassment trainings.

**Child, forced, bonded and compulsory labor:** Enhancement of hiring manager training to raise awareness on forms of ID forgery; inclusion of child labour and forced labour clauses in recurring service vendors contracts.

**Industrial relations, freedom of association and right to collective bargaining:** Increase in communication between Prysmian and workers representative; Communication campaign of local union legislation changes.

**Working conditions**: Communication campaign to better explain group policies and procedures in local language; Revision of local overtime policies and overtime rationalization in collaboration with the manufacturing department; creating a local policy on workplace monitoring, specifically on camera utilization and purpose.

**Health and safety:** enhancement of the annual health screening protocols and of the training on workplace emergencies; establishment of regular noise and air pollution analysis in the plant.
In addition, at a global level, Prysmian increased the actions to prevent fatalities developing an ad hoc risk assessment covering traffic management and organized a training and awareness campaigns for all employees on health and safety topics.
See more on our Safety week website (Safety Week | Prysmian Group).

**Fair wages and equal compensation:** Revision of local policies and procedures related to non desk remuneration. For Desk Workers at a global level a budget and an annual pay review cycle was dedicated to women with remuneration below the average of men in comparable roles (in the absence of legitimate differentiating factors).

**Training:** Revision of local training plans to include modules on ethics and human rights, creation of the Local Schools and plan to increase training hours.

# Tracking and communication

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# Tracking and communication

## Track and communicate performances

As the first phase of the due diligence process was completed for 2022, next steps will include the completion of phase two and **phase three**:

## 3. Tracking and communication

**Tracking and communicating Prysmian's performances** and how impacts are addressed; these can be communicated both internally and externally.

**Assessment and audit activities** will be **performed and monitored** through time.

In order to be able to **monitor** Prysmian Group's performances in addressing salient human rights issues some **qualitative and/or quantitative KPIs** can be developed.

**Results** will be communicated throughout the company and especially shared with HR corporate functions and HR country managers.

Moreover, KPIs and audit activities will be **reported annually** within the Sustainability Report in order to keep stakeholders informed.


# Thank you

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