

open fiber

Sustainable Procurement Policy

This Policy was approved by the Chief Executive Officer of Open Fiber S.p.A. on 05/24/2024.

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1. Objectives and scope

Open Fiber, as stated within its mission, is engaged in the deployment, operation and maintenance of the optical fiber network with Fiber To The Home (FTTH) technology, a high-performance technological infrastructure with which it supports citizens, businesses and public administrations in the indispensable process of technological growth, generating economic value for the company and producing at the same time progress and social value.

Open Fiber strongly believes in the potential of optical fiber as a tool to reduce inequalities, distribute opportunities more equitably, and support the transformation towards sustainable development that protects the environment and people: it is with this in mind that it actively contributes to the achievement of the Sustainable Development Goals, defined in 2015 by the United Nations with the 2030 Agenda for Sustainable Development.

At Open Fiber, we believe in the importance of conducting a sustainable business and balancing its three pillars (environmental, social and governance), which is why we are committed on a daily basis to integrating environmental issues and social needs into our corporate strategy. Open Fiber's commitments to sustainable development find space not only in the company's mission statement, but also in the values and principles set forth in the company's Code of Ethics, the Sustainability Policy, and the Sustainability Strategy through which the company is committed to pursuing continuous improvement in its ESG performance.

Open Fiber aims to build an optical fiber infrastructure capable of covering the entire country with an Ultra Broadband network. In order for this goal to be realized, collaboration agreements with companies are necessary, capable of guaranteeing the high standards with which to contribute every day to the cabling of the entire country. Supplier partners therefore play a fundamental role in the sustainable growth of the business, as also envisaged within the Corporate Sustainability Reporting Directive (EU Directive 2022/2464), which emphasizes their centrality

for every company. For this reason, in line with the Corporate Sustainability Strategy and, particularly, with the pillar “Sustainable Value Chain,” the company is developing a sustainable procurement model, increasing the awareness of its suppliers on ESG issues and promoting the adoption of the highest standards of quality, environmental and social responsibility along the entire supply chain.

This Policy aims to formalize Open Fiber’s commitment to adopt a procurement model that integrates sustainability criteria with the objective of maximizing the positive environmental, social and economic impacts generated along the supply chain and minimizing the negative ones. The model of responsible approach to the procurement process is inspired by the ISO 20400:2017 Guidelines - “Sustainable Procurement Guidance” and in line with the principles expressed within the Open Fiber Code of Ethics and the commitments stated in the corporate Sustainability Policy.

This Policy and the principles stated in it apply to Open Fiber and all its suppliers (including their subcontractors and other parties working on their behalf) and covers all phases of Open Fiber S.p.A.’s procurement process, specifically:

- Qualification of suppliers;
- Contract awarding process;
- Evaluation and monitoring of suppliers.

The Policy is immediately applicable in Open Fiber S.p.A.

2. Reference principles

The activities governed by this document must be carried out in compliance with current legal provisions, the principles and rules of conduct contained in the Company’s Code of Ethics and other corporate regulatory instruments, and the control principles set forth in the current Organizational Model that the Company has adopted pursuant to Legislative Decree No. 231/2001. In addition, Open Fiber’s sustainable procurement model is based on a set of general principles:

- **Accountability:** the organization is responsible for all procurement processes and for the impacts produced on the environment, society and the economy by its supply chain, considering the entire life cycle of goods, works and services supplied.

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- **Transparency:** the organization ensures the transparency of decisions and activities inherent in the procurement process, shapes its dialogue and cooperation with its suppliers on this principle, and encourages its suppliers to apply it in turn.
 - **Ethical behavior:** the organization promotes ethical behavior throughout its supply chain with a view to preventing incidents of corruption, conflicts of interest, and violations of intellectual property and privacy.
 - **Equal opportunity:** the organization disavows bias and prejudice in all procurement decisions and activities and ensures equal opportunity for all current and potential suppliers to meet procurement requirements.
 - **Respect for stakeholder interests:** the organization respects, considers and responds to the needs of stakeholders impacted by its procurement activities.
 - **Compliance with international laws and standards:** the organization promotes compliance with international laws and standards throughout its supply chain and is committed to promptly learning of any violations and taking action against them.
 - **Respect for human rights:** the organization, including through its suppliers, respects internationally recognized human rights and workers' rights.
 - **Focus on needs:** the organization focuses purchases on the goods and services needed to operate the business.
 - **Integration:** the organization ensures that sustainability is integrated into all stages of procurement.
 - **Analysis of all costs:** the organization considers the costs incurred over the life cycle, value for money, and the costs and benefits to society, the environment, and the economy from its procurement activities.
 - **Continuous improvement:** the organization works to continuously improve its procurement practices and encourage organizations to do the same in their supply chains.

3. Activities and controls

Open Fiber considers the contribution of its suppliers essential in the sustainable growth of the business. For this reason, it adopts a sustainable procurement model capable of guiding the supply chain in the management of ESG issues and supporting suppliers in a path of continuous improvement of their sustainability performance.

In order to ensure sustainability, functionality and traceability of procurement, Open Fiber is committed to ensuring compliance with current regulations and corporate procedures and imprints its purchasing processes on contractual relationships that are based on values of legality and transparency, placing a central focus on compliance with the agreements made with particular attention to the sustainability impacts generated.

3.1 Our commitments

In adopting a sustainable procurement model, Open Fiber is committed to:

- **Promote the values and principles set forth in the Code of Ethics and corporate policies** throughout the supply chain;
- **Consider the entire life cycle of the products and services it purchases**, integrating purchasing decisions with economic, social and environmental criteria;
- **Purchase goods and services** that reflect recognized **environmental and social specifications and/or standards**;
- **Monitor sourcing alternatives** (e.g., new technologies, certifications and procurement practices, new products, services and standards) **and suppliers with the highest social and environmental standards in the market**;
- **Foster the involvement of its suppliers and promote lasting supply relationships** with a view to supporting the sustainable growth of supply chain actors;
- **Ensure the purchase** of raw materials and components from suppliers who can demonstrate **respect for human and labor rights along their supply chain**;
- **Evaluate and progressively reduce the environmental footprint related to the sourcing of materials, products and services throughout their lifecycle**, preferring efficient and low-carbon footprint alternatives that are in line with the goals set in the company's Net Zero Plan, recycled and/or recyclable;

- **Generate value for local communities through procurement activities**, prioritizing the purchase of local products and services whenever possible;
- **Identify the main risks as well as the most significant opportunities** that characterize one's supply chain, including in relation to the specific commodity categories from which one procures;
- **Prevent, eliminate or mitigate any negative impacts generated** by its supply chain, including through the adoption of due diligence processes;
- **Enable and incentivize the development of innovative and circular processes along the supply chain** that can return an increasingly accurate representation of the impacts generated in the supply chain and be able to act to mitigate them;
- **Periodically assess the sustainability performance of suppliers** in relation to their most significant impacts;
- **Create internal culture on the sustainable procurement model** by developing specific training and information activities dedicated to staff;
- **Promote a growing awareness among supply chain actors** about the importance of sustainability, sharing knowledge and best practices of sustainability with suppliers and peers and encouraging them to adopt responsible and innovative practices;
- **Continuously monitor, through appropriate KPIs, the progress of the sustainable procurement process** with the aim of ensuring continuous improvement in the sustainability performance of the value chain;
- **Communicate the results** of implemented supply chain sustainability programs and actions **to its stakeholders**.

3.2 Tools and processes

Open Fiber is committed to adopting a set of behaviors designed to ensure the integration of sustainability throughout all phases of the procurement process and to foster continuous improvement in the ESG performance of its suppliers.

3.2.1 Supply chain management tools

In order to guarantee an efficient and integrated management of the entire procurement process, incentivize profitable collaboration with suppliers and facilitate the improvement of their sustainability performance, Open Fiber adopts the following tools for managing its supply chain:

- Procurement portal for the management of the Supplier Register and for the management of contract assignments;
- IT tools for assessing the contractual performance of suppliers;
- Platform for assessing suppliers' ESG performance.

3.2.2 Qualification of suppliers

Open Fiber provides for supplier qualification processes aimed at verifying the existence of a set of requirements necessary for inclusion in the company's vendor list, including mandatory requirements also relating to sustainability topics. Furthermore, Open Fiber carefully monitors these processes, verifying their actual possession.

Open Fiber adopts two distinct qualification processes:

- Cluster A&B, which represents the area in which Open Fiber intervenes, for the construction of the infrastructure, with its own investments (cities and more urbanized areas) and which also includes all services and supplies used in the company's operations;
- Cluster C&D and Grey Areas, which represents the sector in which Open Fiber intervenes for the construction of the infrastructure thanks to funding granted by Infratel Italia S.p.A. for the development of Ultra Broadband in areas of market failure and industrial districts; the qualification process for Cluster C&D also applies to the activities of building the network infrastructure in the lots of the 1 Giga Italy Plan (so-called "Grey Areas").

The Economic Operator's qualification has a duration of three years during which Open Fiber S.p.A. reserves the right to intervene on the qualification status in case facts concerning the Economic Operator itself are detected.

3.2.3 Awarding procedures

Depending on the characteristics of the different goods and services to be purchased, within the awarding procedures, Open Fiber undertakes to provide specific mandatory or rewarding sustainability requirements (in addition to those necessary for qualification processes) and to prefer to those suppliers who demonstrate possession of the highest ESG standards, compati-

bly with the constraints deriving from public regulations, where applicable.

Within the process of awarding works, services and supply contracts, Open Fiber undertakes to take into consideration:

- the way suppliers manage environmental, social and governance topics;
- the possession by suppliers of environmental and/or social certifications, such as, by way of example but not limited to, SA8000, ISO 14001, ISO 30415, ISO 14064, Ecolabel and UNI/PdR 125:2022 certifications;
- the consistency of the suppliers' actions with the same principles contained in this Policy, in order to support, where possible, positive changes in ESG performance.

3.2.4 Contractualization

In contracts signed with its suppliers, Open Fiber requires compliance with its Code of Ethics and Sustainability Policy. It also requires the inclusion of ESG clauses specific to the product/service purchased, based on the requirements defined in the tender phase.

Finally, there are control mechanisms and penalties in the event of non-compliance with ESG clauses.

3.2.5 Platform and ESG Vendor Rating

Open Fiber is committed to adopting an **ESG platform** (hereafter also 'platform') as a useful tool to support the growth of its sustainable procurement model through:

- Supplier engagement and awareness activities;
- Collection and verification of suppliers' sustainability information by means of a special questionnaire aimed at assessing, with qualitative and quantitative questions, ESG performance;
- Evaluation and monitoring of suppliers' sustainability performance by means of statistics, detailed reports and sustainability scorecards (sheets illustrating, for each supplier, the summary results deriving from completion of the questionnaire available on the platform);
- Sector benchmarks and suggestions aimed at supporting the improvement of suppliers' ESG performance.

Open Fiber undertakes to request registration to the platform by Economic Operators and promotes the widest possible dissemination of the tool among already qualified suppliers, with particular reference to strategic suppliers and/or those it considers particularly critical from an ESG point of view. The company also undertakes to encourage and support Economic Operators and suppliers in filling in the questionnaire on the platform.

At least once a year, Open Fiber undertakes to monitor the sustainability performance of its supply chain through the analysis of information provided by the platform, including statistics, detailed reports and sustainability scorecards.

The company also undertakes to attribute to each supplier a numerical value representative of its sustainability performance (the so-called “ESG Vendor Rating Index”) and to consider it for the purposes of the general evaluation of supplier performance, within the framework of its Vendor Rating model (for which please refer to the Vendor Rating Operating Instruction).

Since Open Fiber considers it of primary importance to promote the sustainable practices and behaviors adopted by its suppliers and to reward the improvement of their performance over time, it undertakes to monitor the values of the ESG Vendor Rating Index on an annual basis and, on the basis of these, possibly award prizes to the best performing suppliers.

Open Fiber, also through the platform, undertakes to support its suppliers in capacity building paths and in the identification of behaviors aimed at continuous improvement of sustainability performance. Furthermore, depending on the ESG Vendor Rating values and any shortcomings detected for each supplier, Open Fiber adopts targeted measures that may include requesting specific improvement or corrective actions from suppliers, or, in the most serious cases, the exclusion or suspension of suppliers from the qualification systems, compatibly with the constraints deriving from public regulations, where applicable.

On the basis of the sustainability performance periodically recorded and the risks connected to the specific product categories in the company supply chain, Open Fiber undertakes to define groups of suppliers on which to carry out specific checks (e.g. document analysis, site visits, expediting, audits) useful to investigate particular sustainability topics and/or verify the effective implementation of the sustainability controls declared by the suppliers. Furthermore, in every phase of managing the relationship with the supplier, Open Fiber reserves the right to request appropriate documentation to demonstrate the implementation of the principles and values expressed in this Policy.

3.3 Communication and awareness

In order to maximize the dissemination of this Policy, Open Fiber undertakes to publicize the commitments declared in this Policy within the company’s external and internal channels, developing training and information activities focused on the contents of the document.

In addition, with a view to promoting the improvement of the supply chain’s sustainability per-

formance, Open Fiber organizes periodic training and information events aimed at sharing with supply chain actors objectives, targets and best practices in the area of sustainable procurement, also using the channels and opportunities offered by the ESG platform and identifying specific opportunities for listening and dialogue with suppliers as part of its stakeholder engagement strategy.

Periodically, the Sustainability Contact of the Security, QHSE & Sustainability Function of the Risk Management & Financial Advisory Department, with the support of the Procurement Department, reports to the Sustainability Committee on the progress of the sustainable procurement process with the aim of monitoring its strategy, as well as supervising and validating the results of the activities implemented to identify risks and opportunities arising from sustainability issues and to improve the ESG performance of suppliers.

Furthermore, Open Fiber is committed to communicating and reporting annually to its stakeholders on the performance of its sustainable procurement activities and the economic, social and environmental progress achieved by its supply chain over time.