

Sustainability Report 2015

Executive Summary



Prysmian
Group



Sustainability in Prysmian Group

Overview

Prysmian engagement in sustainability has expanded over time implementing several initiatives and achieving important objectives:



The sustainability process launched by Prysmian a few years ago has enabled the Group to create value and **improve its stakeholder relations** through several activities.



To improve its sustainability performances, the Group made an important progress **in defining dedicated policies and implementing the related actions and initiatives.**



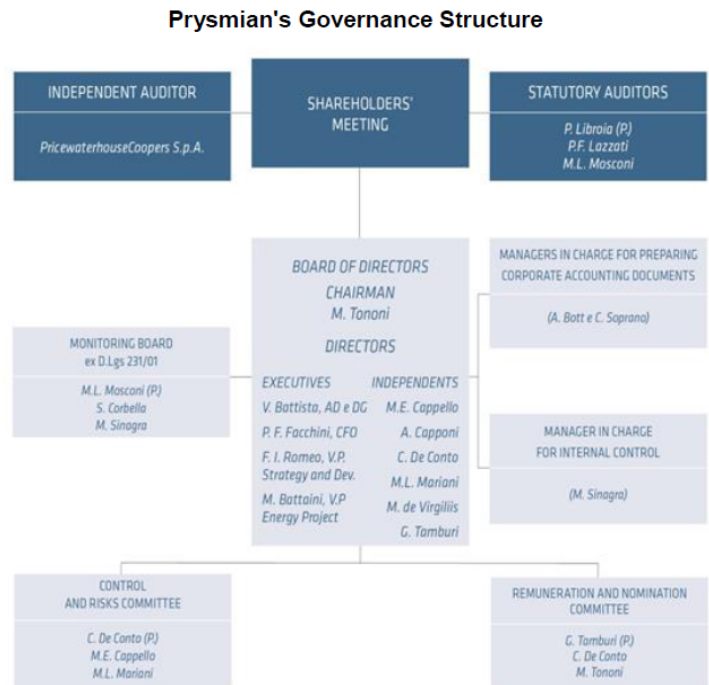
Thanks to a **clear and transparent disclosure** of its environmental and social performances, the Group is more exhaustively meeting the requirements of customers, suppliers and investors.



The Group **participates in the main internationally recognized sustainability ratings** such as: FTSE4Good, Dow Jones Sustainability Index, Carbon Disclosure Project

Sustainability in Prysmian Group

Governance



- Prysmian Group strives to ensure that the **system of governance is aligned constantly with the relevant recommendations** and regulations, and complies with domestic and international best practices.
- Reflecting the importance of sustainability matters in the management of business processes, the Group comply with the **new version of the Corporate Governance Code for Listed Companies of Borsa Italiana** that indicates the **principles to be followed in the area of Social Responsibility**, and the actions to be taken to guarantee the transparency and legality of business processes.



The Board of Directors has tasked the **Remuneration and Appointments Committee** with supervising, from 1 January 2016, the **sustainability matters associated with the Group's activities and the dynamics of its interactions with all stakeholders.**

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Introduction



Prysmian
Group



- In its **fifth edition**, the Prysmian Group Sustainability Report represents the main tool used to inform stakeholders about the Group's performance on economic, social and environmental matters
- The Report has been prepared in accordance with the «**G4 Sustainability Reporting Guidelines**», following the **Core** option
- The document refers to the **materiality analysis** in order to take into consideration stakeholder expectations. The analysis is the result of **Multi-Stakeholder Engagement** meetings recently organized by the Group
- Data and information contained in this report relate to those companies within the Prysmian Group as of **31 December 2015** that are consolidated on a line-by-line basis in the Annual Report
- Deloitte has performed a limited assurance engagement in relation to the Sustainability Report, releasing its **Auditors' Report**

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Structure of the Report

- The " **Group ID Card** " chapter is dedicated to presenting the Group, the main events of the year, the governance of Prysmian and the most relevant performances.
- Following, «**Integrated Sustainability**», «**Sustainable Innovation**» and «**Supply Chain**» chapter outline how sustainability is an all-encompassing concept that influences the entire life cycle of a product
- The "**Prysmian's People**" chapter is dedicated to our human resources, health and safety policies, the involvement of employees and their personal growth via initiatives that develop their skills
- The "**Environment**" chapter is dedicated to our most significant environmental performance, such as our use of natural resources and raw materials, our consumption of energy and the related greenhouse gases emissions, and our elimination of processing waste
- The Report ends with "**Attachments**", providing further details about certain information contained in the Report, not least for consistency with the GRI-G4 guidelines, the "**Auditors' Report**" and the "**GRI Content Index**".

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- GRI Content Index

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Highlights



€ 1,580 M Economic value generated and distributed (+ 9,9% vs 2014)



Code of Business Conduct adopted



Inclusion in the **FTSE4Good Index**



€10M of HSE Investments



+10 in the assessment for the **Dow Jones Sustainability Index**



+4% OHSAS 18001 Certifications vs 2014



Diversity & Inclusion Policy adopted



6,189,327 GJ of energy consumptions (+4% vs 2014)



5,000 employee involved in the P3 Prysman People Performance program



718,667 t emissions of CO2-equivalent (+10% vs 2014)



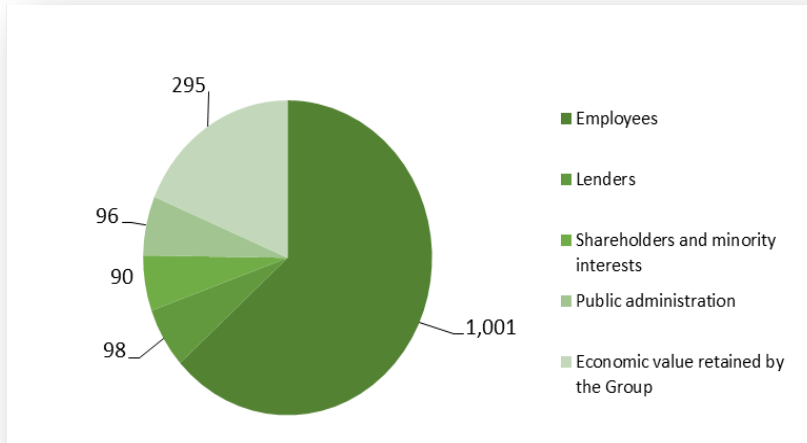
96.2% Employee with permanent contract



-7.8% Ozone-depleting substances

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Group ID Card



Allocation of economic value created in 2015 (Million) as of 31.12.2015

The chapter outlines Prysmian Group activities, it shows the major **economic-financial results** and the **three operating segments**: Energy Projects, Energy Products e Telecom.

The main topics covered are/ covering major topics such as: Group history, key events during the year, awards received, **governance, Code of Ethics, Anti-Bribery Policy, Anti-trust Code of Conduct.**

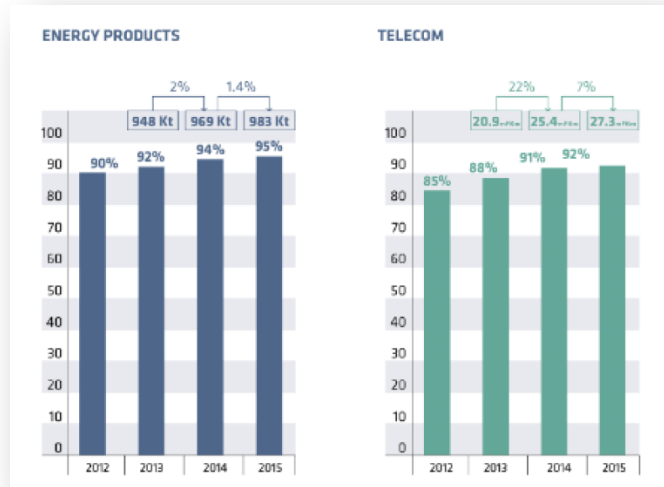
The chapter outlines the **Corporate Governance structure** of the Group. Emphasis is posed on the decision of the Board of Directors to give the Remuneration and Appointments Committee the task of supervising the sustainability matters associated with the Group's activities and the dynamics of its interactions with all stakeholders.

Highlights

- Inclusion in the **FTSE4Good** index
- **10 points** improvement in Corporate Sustainability Assessment for the **Dow Jones Sustainability Index (DJSI)**
- Total revenues **Euro 7,361 Million (+7.6% vs 2014)**
- **1.00 Euro** earnings per share (**+85% vs 2014**)
- **About 400 meetings** with the financial market
- **Euro 1,580 Million** of economic value generated (**+9.9% vs 2014**)

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Integrated Sustainability



On time delivery

Highlights

- Gross investment: **€ 210 Million (+29% vs 2014)**
- On time delivery of Energy Products: **95% (+1% vs 2014)**
- On time delivery of Telecom: **92% (+1% vs 2014)**
- Reduction of production times: **-24%** at 4 key factories within the Group

The chapter outlines the Group's approach to the market, aimed to put the client at the center of strategic, organizational and business decisions, and based on the principles of **Customer Centricity** and **Value Creation for Shareholders**.

Key topics covered: Customer Centricity, process of **Factor Reliability**, **Customer Satisfaction** surveys, **Operations** and decentralized model.

Lastly, the chapter focuses on the **products quality**, with particular attention to the activities for continuous improvement of internal processes.

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Sustainable Innovation



● R&D Centers

Highlights

- Investments in R&D: **€ 73 Million (+2.8% vs 2014)**
- Cost reductions deriving from the Design-To-Cost program: **€ 13.8 Million (-13.8% vs 2014)**
- Group's patents: **4,785** as of 31st December 2015 (**-18% vs 2014**)

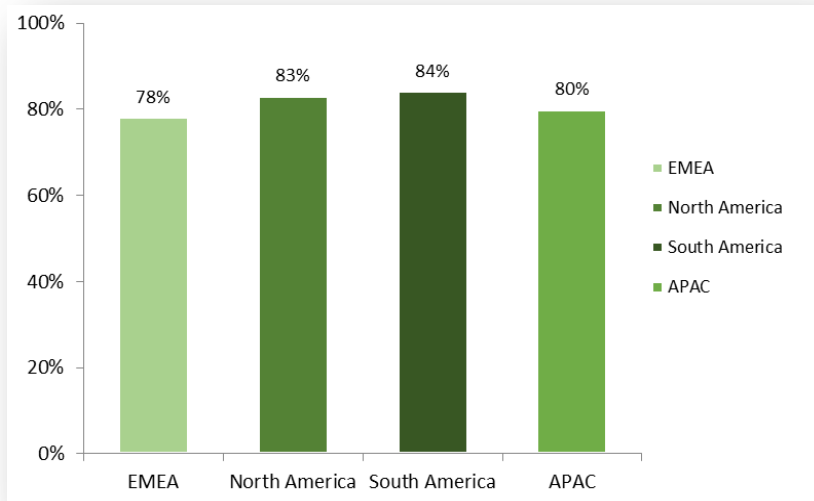
The chapter outlines the Group's **collaborative relations** with main universities and research centers at the global level, the main **R&D projects** in all areas of activity, and highlights initiatives and **projects designed to reduce the environmental impact**.

The main eco-sustainable solutions presented are: **Afumex, Afumex Green, P-Laser**.

Lastly, the chapter outlines the **portfolio of patents and trademarks**, which is a key part of the Group's business, especially in relation to the Group's strategy of growth in high-tech market segments.

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Supply Chain



Percentage of goods and services purchased locally in 2015

Highlights

- **Over 78%** of services and products purchased locally (over 70% in 2014)
- **28%** wooden drums reused
- **86%** of the transportation is by road
- Adoption of the **Code of Business Conduct**, aimed at spreading responsible commercial practices
- **76%** of the spending on metals was analysed in terms of sustainability

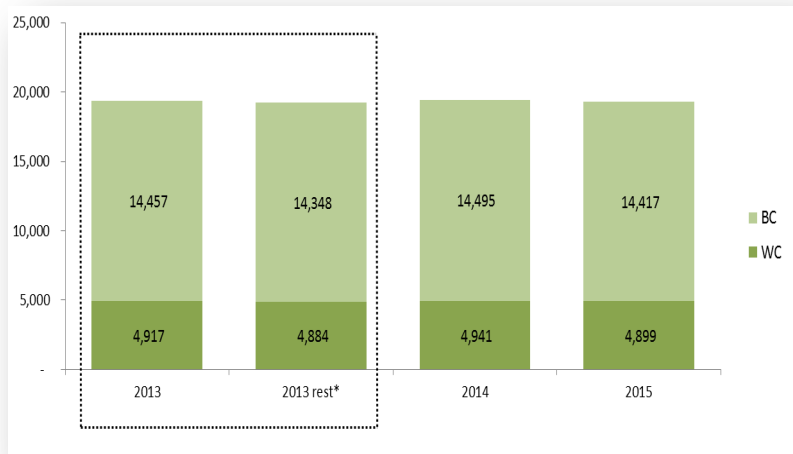
The chapter outlines Group's approach to its **supply chain**, showing additional steps achieved towards the **sustainable management of the entire supply chain**.

Main initiatives implemented during the year: suppliers audit, qualification questionnaire for new suppliers, mapping all suppliers of wire rod, self – assessment questionnaire sent to the main wire rod suppliers

The chapter describes: the **Code of Business Conduct**, intended as guideline for a sustainable and responsible supply chain; the **Purchasing Professional Academy**, the international professional and management education and training school, introduced in the Professional School of the Prysmian Group Academy.

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Prysmian's People



Total Group employment as of 31 December 2015

Highlights

- Adoption of the **Diversity and Inclusion Policy**, states the principles applying to all employees
- **96.2%** employees with a permanent contract
- **4.1%** voluntary resignation of white collar staff (4.5% nel 2014)
- **44%** employees, of those entitles, were involved in the **YES** program (30% in 2014)
- **249,271** hours of training delivered
- **2.6** frequency rate of accidents (**2.59** in 2014)
- **51.82** severity rate of accidents (**48.03** nel 2014)
- **5.45%** absentee rate (**5.57%** in 2014)

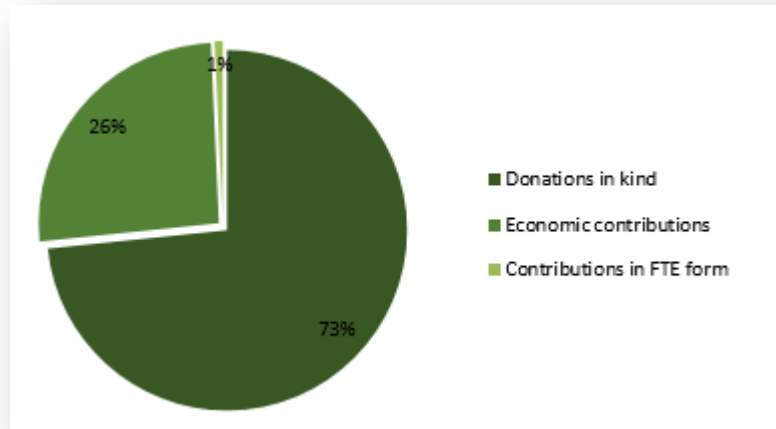
The chapter outlines the Group's approach to people, illustrating the «**human capital strategy**» and the main scomposition of Prysmian workforce as of 31.12.2015.

Major topics discussed: recruiting programs as **Graduate Program** and «**Make It**», **Prysmian Group Academy**, system of **performance** and talent **assessment**, employees **international mobility**.

Lastly, the chapter outlines: **remuneration policies**, Prysmian's relations with **workers' representatives** and trade unions, **internal communications** activities and **education** and training programmes on such topics as safety at work.

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Community



Types of contribution in 2015

Highlights

- Adoption of a Citizenship and Philanthropy Policy that establishes common rules for identifying philanthropic activities that are related to the business.
- Contributions by Corporate Citizenship and Philanthropy initiatives: **€ 224,764 (-1% vs 2014)**
- Contributions by Corporate Citizenship and Philanthropy initiatives related to Education: **75%**
- Donations in kind: **73%**
- Commercial initiatives: **68.3%**

The chapter outlines the Group's **Corporate Citizenship and Philanthropy initiatives**.

The Group believes that access to energy and telecommunications is a prerequisite for the economic and social development of local communities. For this reason, the Corporate Citizenship and Philanthropy activities promoted must be mainly intended to support initiatives that facilitate access to energy and telecommunications by local populations, with particular reference to those in developing countries.

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Environment



Energy Consumption (GJ)

Highlights

- Investments in HSE activities: **about € 10 Million**
- ISO 14001 certified factories: **91%** (**93%** in 2014)
- OHSAS 18001 certified factories: **63%** (**59%** in 2014)
- Greenhouse gas emissions: **+9.6%** CO₂ equivalent emissions vs 2014
- Energy consumption: **+3.8%** vs 2014
- Waste: **+4.2%** vs 2014
- Water consumption: **-1.3%** vs 2014
- Ozone-depleting substances: **-7.8** vs 2014

The chapter outlines Prysmian commitment to safeguarding the environment and conserving natural resources.

Major activities described: Health Safety & Environment initiatives such as participation to the **Carbon Disclosure Project (CDP)**, **energy audit** carried out in some European factories, **certification audit** and projects to implement **Life Cycle Assessment (LCA)** methodologies.

The chapter outlines initiatives taken in order to **reduce environmental impact** in the Energy cable, Telecom cable and optical fibre sectors; and it describes trend consumption related to energy, greenhouse-gas emissions, waste, water and ozone-depleting substances.