

A SUSTAINABLE APPROACH TO MANAGING THE BUSINESS

The Group, which this year celebrated 10 years since the birth of Prysmian with its employees, is following a sustainability policy that allows it create value in the business sense and improve relations with all its stakeholders.

In line with its Vision statement, focused on promoting "the efficient, effective and sustainable supply of energy and information as the principal driver for the development of communities", and in keeping with its values of excellence, integrity and understanding, Prysmian has chosen to strengthen its commitment to sustainability, by treating it as a strength running through every area of the business that increasingly represents a distinguishing factor and competitive advantage.

Reflecting therefore the importance of sustainability issues in business process management and in response to the invitation in Italy's Corporate Governance Code for Listed Companies to formalise their approach to these matters, as from 1 January 2016 the Board of Directors has put the Compensation and Nominations Committee in charge of supervising sustainability issues associated with the Group's operations and dynamics of interaction with stakeholders, thereby enhancing the importance of sustainability in Prysmian's strategic decisions.

The Group expresses its attention to stakeholders on a daily basis, by engaging every business function and directing its growth strategy towards key areas, like the sustainable, technological innovation of its solutions, the environmental responsibility of its production processes, the management of relations with the local communities in which Prysmian operates, as well as attention to safety at work and the development of personnel.

Prysmian's approach to sustainability is also evident in the relations with its business partners. Among the actions taken to include environmental and social criteria in the process of supplier selection, evaluation and qualification, in 2015 Prysmian developed a supplier qualification questionnaire which needed to be completed by all new players entering the Group's supply chain. Taking an integrated approach to sustainability, by identifying the stages of its supply chain in which there are significant environmental and social impacts, Prysmian has required all its wire rod suppliers, representing about 80% of the total volume of metal purchased, to complete a self-assessment questionnaire. The questionnaire was aimed at finding out how these suppliers managed the main issues related to sustainability. Prysmian then presented the results to each supplier during the usual negotiation meetings. This has significantly raised awareness within the Group's supply chain of the importance Prysmian gives to sustainability as a criterion for selecting suppliers and awarding the related contracts.

Aware of the important role also played by other stakeholders, and in order to strengthen responsible commitment on a global scale, Prysmian continually works to establish relationships of trust with them based on the principles of transparency, openness and readiness to listen. Accordingly, Multi-Stakeholder Engagement initiatives have become an integral part of the Group's growth strategy. In addition to being an

efficient and effective channel of communication, these initiatives are equally as important for everyday business management as for the definition and implementation of future guidelines. After organising a first Multi-Stakeholder Engagement event in 2014 in Milan, the Group has decided to take another step forward by planning a second event in Spain at the beginning of 2016.

On the human resources front, the Prysmian Group Academy, an international school of management and vocational education with the mission of consolidating and developing management expertise, carried on its activities over the course of 2015. Prysmian has therefore continued to promote the development of its employees by providing continuing education and ongoing individual development opportunities within an international working environment.

In continually seeking to satisfy customer needs, Prysmian remains true to its corporate Mission and develops sustainable, quality products, by investing in technological solutions able to enhance the value of its product portfolio. Consistent with these principles, in 2015 the Group once again proved its innovative spirit by expanding the Afumex Green line of cables, whose latest member, Afumex Green 1kV, is now the most sustainable and safe cable on the market. Traditional petroleum-derived polyethylene, used for insulation, has been replaced in this product with biopolyethylene (or green polyethylene), a material derived from sugar cane, which is 100% renewable, internationally certified, and reduces CO₂ emissions (for every tonne of green polyethylene, more than two tonnes of carbon dioxide are captured from the atmosphere).

Prysmian's steadfast commitment to sustainability is also reflected in transparent, structured communication to all the Group's stakeholders through the annual publication of the Sustainability Report, offering its readers the chance to learn more about the policy promoted by Prysmian and its economic, environmental, social and product performance. Following on from the work done in the past, the 2015 Sustainability Report has been prepared in accordance with the new "G4 Sustainability Reporting Guidelines" published by the Global Reporting Initiative (GRI) in 2013, and reflects Prysmian's ongoing commitment to make the reporting process ever more complete and effective, by ensuring breadth and depth of the topics covered. In fact, the GRI Sustainability Reporting Guidelines G4 require the Sustainability Report to contain information on matters deemed to be material, meaning those that have a critical impact for the organisation in economic, environmental and social terms and which significantly influence the judgements and decisions of stakeholders. The report has also been audited by a recognised external firm to provide all stakeholders with assurance as to the reliability of the information contained therein.

In recognition of the progress made in this direction, the Group has joined the prestigious FTSE4Good Global Index, consisting of companies that demonstrate ethical and transparent governance practices and implement socially responsible policies. In particular, Prysmian has been highly rated by the Index's commission of experts thanks to the high standards assured not only for its employees, like the Diversity and Inclusion policies, in a process designed to support individual development by creating a common identity within a highly multicultural environment, but also for its sustainable management of the supply chain.

In continuity with the past, Prysmian will participate once again in the top international assessments of sustainability in 2016, namely the RobecoSAM Assessment for the Dow Jones Sustainability Index (DJSI) and the Carbon Disclosure Project questionnaire.

Lastly, reference should be made to the 2015 Sustainability Report for a complete account of how the Group manages the economic, environmental, and social impacts deemed of importance for itself and its stakeholders and its performance in these areas.