

Commitment to innovation

Being a leader means knowing how to innovate. The Prysmian Group seeks to generate innovation, quality and know-how, with a view to developing innovative products with a lower environmental impact and higher value added for customers, even in those sectors in which products are largely standardised.

The Group's commitment to innovation and the development of new products with a reduced environmental impact stems from the conviction that this is the best way to guarantee economic sustainability over the long term. Such a commitment is essential in order to assure well-being and the quality of life in today's society and for future generations. In particular, development projects seek to increase the efficiency and reliability of the finished products offered by Prysmian while, at the same time, lowering energy and power losses, as well as reducing greenhouse gas emissions and the consumption of electricity and water during the production processes.

Sustainability is a constant focus for the Prysmian Group, in step with the times and the markets; it is not only a prerogative for research, development and innovation in the more developed countries, but also for that performed in the emerging countries. Investment in sustainability helps, in fact, to lower risk in places where energy costs are rising and access to energy sources remains unstable.

In addition, the Group's engineers employ advanced tools to validate the performance of our cables and simulate applications, even before any prototypes are made. This process helps to maximise the use of laboratory time, for example by avoiding unnecessary repetitions, and therefore reduce the consumption of materials and energy.

Spending by Prysmian on Research, Development and Innovation during 2015 totalled about 82 million euro¹², confirming our constant commitment and focus on sustainable growth over the long term.

Work dedicated to the optimisation of costs via the Design-To-Cost (DTC) programme has also continued. This methodology is used to lower production costs, both when developing a new product and when re-engineering an existing product. This programme achieved cost savings totalling almost 14 million euro in 2015.

The Group's constant drive to innovate is supported by 17 Centres of Excellence, which have their headquarters in Milan and employ more than 500 experienced professionals.

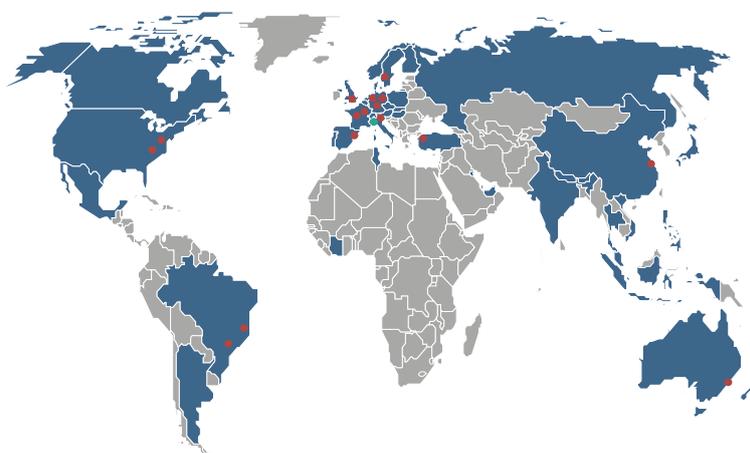
¹² Including 73 million opex and 9 million capex.

UNIVERSITIES AND RESEARCH CENTRES

Prysmian has established consolidated collaborative relations with major universities (more than 40 agreements) and research centres in various countries around the world: China, Netherlands, New Zealand, Brazil, Finland, UK, United States, Spain and Italy. Numerous key collaborations include those with Politecnico di Milano, Centro di Pesquisa e Desenvolvimento em Telecomunicacoes in Brazil, Universitat Politecnica de Catalunya in Spain and the University of South Carolina in the United States.

Again in North America, the Prysmian Group is an honorary member of NEETRAC (National Electric Energy Testing Research and Applications Center) at the Georgia Institute of Technology.

Collaboration with the universities is strategic for Prysmian, in order to keep constantly updated about all technological innovations and ensure adoption of the most advanced technologies available to the scientific community.



€ **82**million
invested in R&D

17R&D
centres

Over**500**
professionals

About **4,800**
patents

During 2015, the Prysmian Group worked with MIP (Politecnico di Milano) to develop a new methodology for innovation: the design-driven funnel. This methodology defines an innovation process for the development of new solutions within the cables system.

Specifically, under the supervision of experts from Politecnico di Milano, a team consisting of personnel from the R&D department and Prysmian's business functions identified four solutions from an initial pool of 70 ideas. This result was achieved, in part, due to the involvement of Group suppliers and customers in the innovation process. The “design-driven funnel” methodology is an important example of Open Innovation and was applied to the Oil & Gas and SURF segments, enabling the Group to devise additional innovative solutions for our customers.