

ENVIRONMENTAL RESPONSIBILITY



The Group strives actively to safeguard and protect the environment and conserve natural resources, in order to create sustainable value for the benefit of both the organisation and our stakeholders.

The Group's commitment to safeguarding the environment and conserving natural resources is expressed not only by the intrinsic characteristics of our products, but also by how our production systems are managed. In particular, the prevention and reduction of their environmental impact is achieved, for example, by the efficient use of natural resources, the optimisation of logistics flows and the responsible management of waste. Prysmian worked hard during the year to enhance our performance on environmental matters. Additionally, considering the aspects deemed significant at Group level, the Health, Safety & Environment function (also "HSE") worked with other business functions to establish the HSE objectives for the period to 2020, and plan the actions required each year in order to make steady progress towards these goals.

The HSE function has further consolidated the scope of its activities at various levels within the Group - corporate, country or region, business unit or production unit - centralising activities and coordinating the work of the local HSE functions. Application of the Health, Safety and Environment policy, the Operating Procedures and the Group's Technical Standards was maintained and extended to additional operating units. The effectiveness and proper application at local level of the health, safety and environment rules were also checked periodically, with support from a Group-level audit team.

Furthermore, significant variables and indicators were again monitored regularly to check the effectiveness of health, safety and environment activities, including compliance with health and safety at work standards, energy consumption, waste management, water usage and greenhouse gas emissions. In particular, with reference to the last mentioned, the Group has strengthened the process of collecting energy consumption data in order to track both "direct" emissions (deriving from production processes) and "indirect" emissions (deriving from the purchase of energy).

This system of monitoring and reporting enabled the Group to participate in 2017, once again, in the Carbon Disclosure Project (CDP), Climate Change section. The CDP is an international initiative that seeks to contribute to the pursuit of the objectives agreed in the Kyoto Protocol regarding the global reduction of greenhouse gas emissions.

The issue of energy consumption has always been a monitoring and leverage area for the development of activities aimed at reducing them, also as linked to emissions.

In 2017, new energy diagnoses were carried out in some European and non-European operating units, in accordance with local legislative requirements and the criteria defined at Group level, aimed at having an ever more complete, reliable and updated data base on energy consumption and its distribution, with the aim of extending energy efficiency initiatives to an ever larger number of units.

To this end, the HSE corporate function has prepared a Plan for the conduct of the Energy Audits in the Group's operating units for the period 2017 - 2020. In 2017, 4 new energy diagnoses were conducted, which complement those already implemented in the period 2015-2016, for a total of 26 in about ten countries. In addition, in Germany, where the Energy Management System has been in place for the time being in accordance with the ISO 50001 standard, periodic energy audits have been conducted in the 5 production units.

Significant events during 2017 included the investment of about EUR 10 million in health, safety and environmental activities. In addition to training initiatives, Prysmian has continued

to manage various activities including active participation in various working parties and on association committees, such as Europacable's ECOE Committee, Orgalime's "Substances Task Force", ANIE's Environment Committee and AICE's environment working party, and the IEC Maintenance Team that is drafting the standard environmental declaration for power cables. The approach to integration adopted represents an opportunity to improve and, in this light, operational policies and practices for the management of the environment, health and safety by all operating units will be further developed and agreed. In this regard, the Prysmian Group uses quali-quantitative parameters to monitor environmental performance and health and safety in the workplace.

In this context, the new Milan headquarters will also be certified as a specific operational unit, where the standardisation and coordination activities carried out by the central functions in the HSE area will be further strengthened and documented in a "multi-site" organisational concept.

Among the common initiatives, the HSE function identified already in 2016 two projects - "Relamping with LED" and "Smart Metering", relating, respectively, to the replacement of traditional lighting with LED bulbs and the introduction of systems for the measurement of consumption at production units - to be implemented and pursued ensuring a homogeneous approach within the Group.

The "Relamping with LED" project was launched in 2016 by the HSE function, which selected some of the production units already undergoing Energy Audit as a priority, and distributed to all the local organisations guidelines regarding the replacement of traditional lighting fixtures with LED lamps and supported organisations in the design of the project. In 2017, the HSE corporate function, in collaboration with an external expert in the energy sector, completed the preliminary work and started the coordination of the operational phase of the "Relamping with LED" and "Metering" projects.

In particular, for the "Relamping with LED" project, the HSE function has:

- evaluated the energy and economic savings obtainable in the individual production units and at the Country level, thanks to the reduction in electricity consumption and management costs of lighting systems. According to estimates, the expected savings range between 10% and 70% of current consumption for lighting only, depending on the sites;
- carried out targeted inspections in the Italian production units, to which the intervention priority was assigned, and prepared the technical specifications for the new lighting systems to be designed and installed;
- collaborated with the Purchasing function in the selection of a "general contractor" who was entrusted with the task of designing and installing LED lighting systems in the Italian operating units;
- defined the schedule of works for the period 2017-2019;
- coordinated the execution of the works in the first two Italian production units.

In 2017, following the setup work launched in 2016 for the "Metering" project and with a view to optimising the time and resources dedicated to the project, HSE has planned the installation of consumption monitoring systems in the Italian operating units, to be done by the same "general contractor" in charge of the design and installation of LEDs.

The installation of these systems was launched at the end of 2017 in 6 of the 7 Italian units and will allow, as of 2018, a more precise and complete reporting of energy consumption, and savings obtained thanks to the energy efficiency projects launched. The "Metering" project will be completed at the beginning of 2018 on the last Italian site and will be gradually extended to other units of the Group.

In addition, during 2017 a number of pilot projects were launched at production units considered representative within the Group, in order to carry out a more detailed and specific analysis of energy consumption, considering the production, plant engineering and maintenance needs of each location, the types of supply, any existing restrictions and climate data. The objective is to determine if there are any plant engineering or operational solutions that would reduce energy consumption and the emission of pollutants.

MANAGEMENT SYSTEMS

During the year, the Prysmian Group maintained its efforts to coordinate the Group's HSE Management Systems, among other things by promoting the new certification of factories and organisations that had none yet. With this in mind, the 2017 result consisted of the extension to 4 additional sites of the OHSAS 18001 certification related to the Safety Management System and to 2 additional sites of the ISO 14001 certification on the Environmental Management System.

Following these new certifications, at the end of 2017, 94% and 78% of the sites were certified respectively according to the ISO 14001 and OHSAS 18001 standards.

Furthermore, it is planned to complete the certification of the Milan office to both the ISO 14001 and OHSAS 18001 standards, which concluded the first phase of auditing in December 2017.

LIFE CYCLE ASSESSMENT

In 2017 the development of the instrument dedicated to the calculation of some important environmental parameters of cables produced in the Group factories continued: the Carbon Footprint and the recyclability at the end of its life. The system in question represents a new feature of the Common Analysis (CA) application, already developed and in use for several years for the design and assessment of the costs of cables for all the Group's factories, and makes use of the fact that it can be used the same databases.

For more information on the project, refer to the paragraph on the Carbon Footprint (CFP) in the chapter "Planning the future responsibly".

MAIN INITIATIVES TO LOWER ENVIRONMENTAL IMPACT

Power Cables

In 2017, initiatives continued to mitigate and reduce the environmental impact in the Group's production units. The following are the main ones:

- In Rayong, improvements were made to the cooling water recirculation system, by controlling its level, in order to reduce water leaks in the circuits returning to the main tank during machine downtime. With this system, the amount of water remaining in the internal tanks and, therefore, the water consumption are minimised;
- Slatina has obtained a reduction in process waste in the production of power cables;
- Velke Mezirici installed a heat recovery system from the compressors, which contributed to reducing energy consumption;
- In Amfreville, the temperature control system has been improved in order to optimise energy consumption and the system for reusing wood packaging has been upgraded to replace aluminium;
- In Gron, various actions have been carried out to improve water recirculation;
- In Nuremberg, larger pipes were installed for the return lines of the extrusion lines, in order to reduce losses and, therefore, water consumption;
- In North Dighton, the reduction of sheath strips and a better management of the shelf life of the compounds contributed to the reduction of relative waste. In addition, the new collection points for polyethylene and PVC waste showed an increase in the residual of recycled waste compared to 2016. Moreover, a reduction in the oil waste from the machines was obtained, thanks to the improved management of the equipment and the prompt intervention of maintenance in the identification and repair

of any oil leaks. Finally, lead-containing waste water, disposed of as hazardous waste, has been reduced thanks to the introduction of a more efficient pre-filter, placed near the evaporator on the PLCV line.

- At Schuykillhaven, the amount of waste compounds was reduced, thanks to the reduction in the mix of used materials; moreover, the waste compounds classified as hazardous has decreased thanks to the introduction of materials free of dangerous substances and more compatible with the environment; finally, a larger quantity of packaging was sent for recycling.
- In Santa Perpetua, as part of an improvement project initiated by R&D to stabilise production, the reduction of the waste of mixtures sent for disposal was obtained thanks to their reuse in limited percentages, as a basis for other lower quality compounds.
- A project for the recovery of SF6 gas was started in Delft to limit its release into the environment. The employees were trained (through external courses) to acquire the necessary practice for the recovery of SF6. Subsequently, an action plan will be launched to achieve the zero emissions target.
- In Pikkala, lower consumption of cooling water was achieved thanks to the change in the control of the cooling process. The use of water inside a closed system with valves is regulated by this system, which makes it possible to optimise the quantities necessary for cooling.

Telecom Cables

At the Claremont plant, the projects launched in 2017 led to the reduction of waste and energy consumption in the two production units:

- the Compound Scrap Less project, to reduce the production of scraps at the start of the cable production process;
- The "Munster" unit re-phasing project has allowed the reduction of natural gas consumption in the Optical Fibre unit.

In Calais, the reduction of municipal waste was made possible by better separation of waste such as paper, plastic, wood. Furthermore, the re-use of wooden drums has improved.

COMMITMENTS FOR THE FUTURE

With reference to the HSE policy and use of the HSE management system, Prysmian will continue its involvement in various initiatives intended to use resources efficiently and reduce the environmental impact of production processes at a number of factories (e.g. replacement of lighting systems, recycling of SF6, optimising the use of energy resources, and awareness campaigns concerning the consumption of energy).

These initiatives have generated, over the years, various benefits in both environmental and cost reduction terms. In order to proceed in a systematic and orderly manner, the activities already started have been included within a Group project entitled Energy Efficiency and Carbon Reduction, which is coordinated centrally by the Corporate HSE function, making it possible, in 2017, to:

- continue to report increasingly precise and reliable data and information, at Group level, about consumption and greenhouse gas emissions;
- monitor improvement objectives, particularly in relation to the reduction of energy consumption and greenhouse gas emissions at Group level, involving Corporate and all other levels of the organisation in planning the initiatives and activities necessary in order to meet the commitments made;
- continue to implement energy efficiency initiatives consistent with the regulations (e.g. Directive 2012/27/EU on Energy Efficiency), the specific campaigns promoted at national level and, more generally, the commitments accepted at the Paris Conference on Climate Change COP 21;
- select and coordinate the specific projects to be implemented by the Group's operating units, in order to comply with Prysmian's commitments with regard to sustainability, while calibrating carefully the effort required with reference to local operating needs.