

OUR APPROACH TO REPORTING

MATERIALITY ANALYSIS

In 2017, as every year, the Prysmian Group updated its materiality analysis in line with the "G4 Sustainability Reporting Guidelines" of the GRI, defined in 2013 by the GRI - Global Reporting Initiative and adopted by the Group, for the first time, during preparation of the 2014 Sustainability Report.

The analysis of materiality makes it possible to identify the sustainability issues that have significant impact both for the Group and for its stakeholders, in economic, environmental and social terms, as well as to map the new needs and the new requirements of the stakeholders in relation to the strategy and the Group's risk management process.

The materiality analysis process followed by the Prysmian Group involves 4 phases:

1. Stakeholder mapping and identification of sustainability issues relevant to the Group;
2. Prioritisation of the issues based on the evaluation of their relevance for the Group;
3. Prioritisation of the issues based on the evaluation of their relevance for the Group's stakeholders;
4. The elaboration of the materiality matrix.

The stakeholders and the relevant issues of the Group have been identified and subsequently categorised, through:

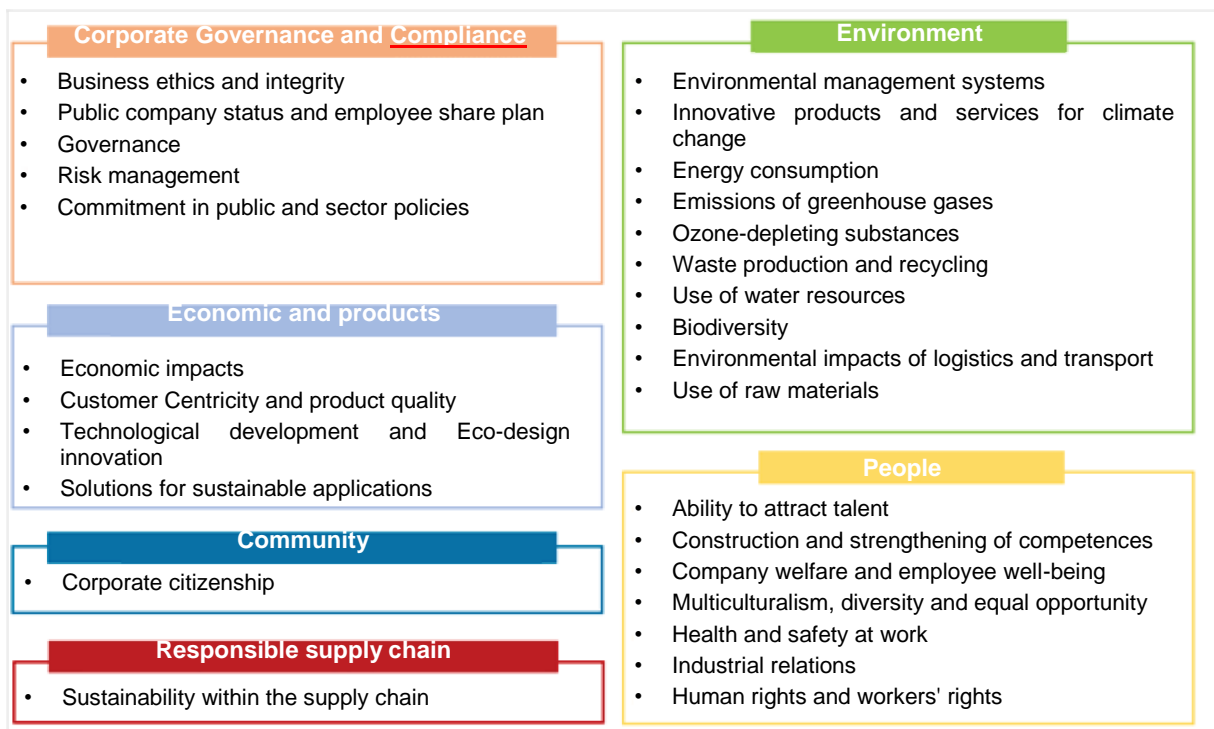
- a document analysis of the global context, of Prysmian's specific business sector, of the regulatory evolution, of the Group's strategy and policies, with a particular focus on sustainability issues;
- the direct involvement of the Group's Top Management through a materiality survey.

The following categories of Group stakeholders are identified below:

MAP OF PRYSMIAN GROUP STAKEHOLDERS



Prysmian's sustainability issues, subject to the assessment of relevance by the Group and its stakeholders in 2017, are shown below (aggregated by macro-area):



With the aim of having an updated and integrated overview of the global and industry context, an additional documentary analysis of external sources was carried out this year, which allowed to identify the main sector trends and any new issues that emerged as relevant in 2017.

The document sources analysed were:

- sources on sustainability, drafted by international and national institutes (OECD, World Economic Forum etc.);

- sources for the identification of megatrends of the reference sectors (energy, telecommunications, etc.);
- sustainability report / integrated reports of other industrial Groups;
- international press review.

The analysis identified new issues for the Group that will be subject to stakeholder assessment during 2018.

In particular:

- **"Cyber security and data protection"** to **"Anti-corruption"**, two issues that are enjoying increasing attention among stakeholders⁹;
- **"Innovation of products and services for climate change"** in line with the importance of environmental issues and in line with Prysmian's current commitment to combating climate change;
- **"Access to energy"** as a subject considered important by competitors and significant for the Group's business in order to enhance its commitment to initiatives and activities aimed at sustainable development.

DIALOGUE WITH STAKEHOLDERS

The sustainability strategy adopted by the Prysmian Group is marked by the importance recognised to the Group's numerous stakeholders. In pursuing our corporate objectives, it is fundamental for Prysmian to develop forms of constant dialogue and interaction with both the internal and external stakeholders, in order to understand the various needs, interests and expectations (social, economic, professional, human) of all the actors involved.

Against a background that is dynamic, competitive and subject to major changes, being able to foresee changes and identify emerging trends enables the Group to generate constant and shared value added over the long term. Establishing and developing trust-based relationships, founded on the principles of transparency, openness and listening, enables Prysmian to understand the constantly changing expectations and requirements of those stakeholders that, directly or indirectly, influence the activities of the Group or that, in turn, are influenced by us.

The approach used by the Group to communicate with stakeholders has evolved steadily over time, involving various initiatives intended to make best use of the multiple channels available.

Multi-Stakeholder Engagement initiatives have become an integral part of the Group's growth strategy, as well as an effective communications channel.

These initiatives are organised in pursuit of the following objectives:

- receive external cues that lead to product and process innovation;
- improvement the management of reputational risk;
- inform, sensitise and engage stakeholders with the aim of developing a virtuous circle that generates positive impact for both the Group and the company;
- contribute to the development of relations with stakeholders based on trust and transparency.

To define and implement its stakeholder engagement path, the Prysmian Group follows the guidelines of the **AA1000SES International Standard**, according to the latest updated version of 2015, developed by AccountAbility (Institute of Social and Ethical Accountability).

In 2017, continuing from past years, Prysmian organised a multi-stakeholder event on 30 November 2017 in Delft (Netherlands), to which about 15 local representatives of 4 stakeholder categories participated: Customer and Business partners, Suppliers, NGOs, Public Administration.

Stakeholders were invited to actively participate in a discussion aimed at:

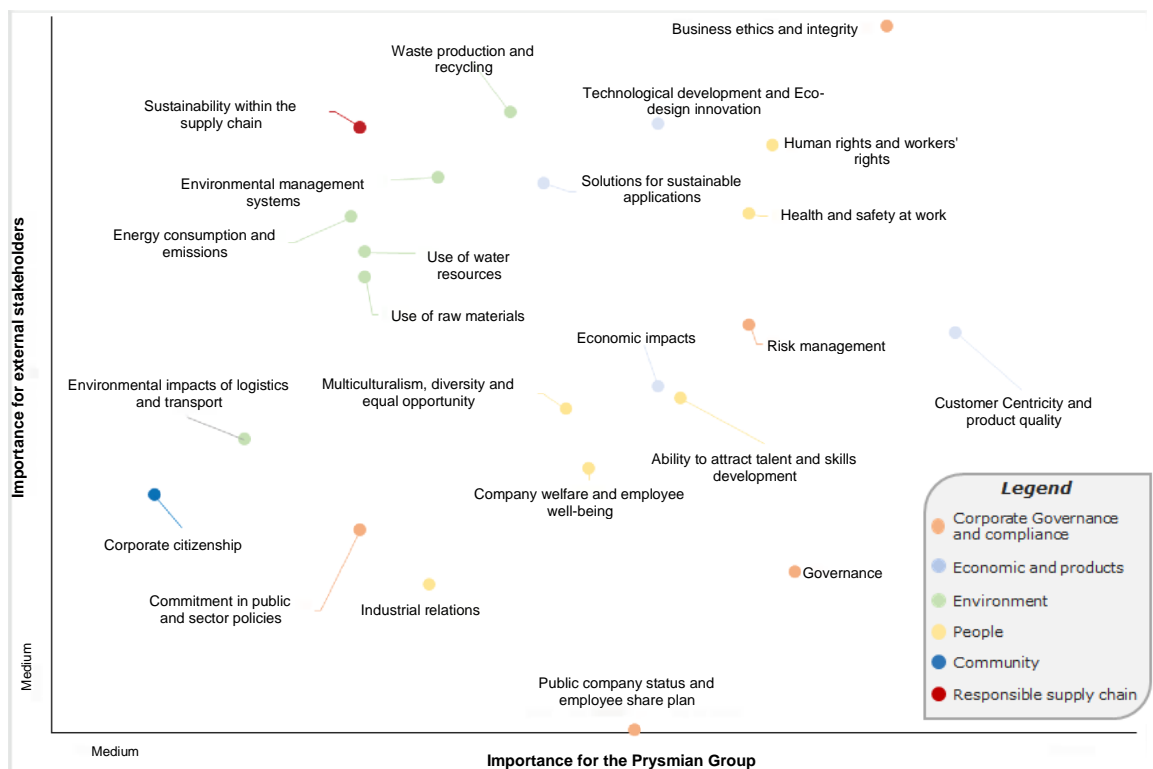
⁹ It should be noted that the topics in question are included in 2017 in "Ethics and Integrity in the business"

- identifying the main impact (positive and / or negative) of the Group's activities along the entire Prysmian value chain
- Assessing and prioritising sustainability issues through a structured materiality survey;
- Evaluating, through an interactive workshop, the perception of stakeholders with respect to Prysmian's initiatives and activities related to the targets of the Sustainability Development Goals (SDGs); stakeholders were also asked to identify further new actions that the Group could implement to contribute to sustainable development.

MATERIALITY MATRIX

Based on the results of the above-described stakeholder engagement initiatives carried out during the year, the Prysmian materiality matrix was elaborated to provide an aggregated view of the relevance of the issues for the Group, in terms of current and potential impact, which each theme can have on the Group's ability to create value over the long term, and for its stakeholders, in terms of the influence that each issue has on their decision-making processes.

PRYSMIAN 2017 MATERIALITY MATRIX



For a greater synthesis, within the materiality matrix some themes were aggregated as shown below:

- "Energy consumption and emissions" which includes "Energy consumption", "Greenhouse gas emissions" and "Ozone-depleting substances";
- "Ability to attract talent and skills development" which includes "Talent Attraction Ability" and "Building and Strengthening Skills".

The four themes considered to be a priority both by the Group and by Prysmian's stakeholders are therefore:

- **Business ethics and integrity:** the theme includes the Group's commitment to a business management model based on the highest standards of ethics and integrity and compliance with laws, regulations, anti-corruption policies and procedures and anti-competitive conduct.
- **Technological development and eco-design innovation:** in terms of the development of technological and innovative solutions through research and development and collaboration with external partners such as customers, suppliers, research centres and universities. In addition, it includes product design and engineering that takes into account the environmental and social impact during the life cycle of a product (from procurement of raw materials to disposal).
- **Human rights and workers' rights:** Group policies and procedures on human rights, banning child / forced labour, respect for freedom of association and collective bargaining, fair pay and health at work.
- **Health and safety at work:** the Group's intention to invest in workers' health and safety, by introducing occupational health and safety management systems aimed at reducing the number of accidents and occupational diseases, as well as developing training programmes on health and safety in accordance with local laws and regulations

With respect to 2016, the importance attributed to the themes identified in the previous analysis is confirmed, with an increase in relevance for the following points:

- **"Energy consumption and emissions"** "Waste production and recycling" and "Use of water resources" in light of global developments related to environmental issues (COP21, Agenda 2030, etc.);
- **"Sustainability within the supply chain"**, an aspect considered to be growing as it covers the management of relations with all the players in the supply chain in terms of protection of human rights, environmental and social responsibility;
- **"Human rights and workers' rights"**, an aspect that has grown in importance due to the growing presence of the Group in several countries where human rights issues are a priority.

In the appendix to the document there is a table of reconciliation between the Prysmian Group's material issues, the corresponding G4 aspects and the areas of Legislative Decree no. 254/2016 (page 149).