

ENVIRONMENTAL POLICY

Commitment to safeguarding the environment and conserving natural resources is essential for the creation of sustainable value by the Group, 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.

Considering the environmental aspects deemed significant at Group level, Prysmian's Health, Safety & Environment (HSE) function worked with other Corporate functions to establish the Group's HSE objectives for 2013-2014, which were endorsed by the Board of Directors. These objectives were communicated to all country and unit managers and, where possible, customised targets were set.

During 2014, HSE further consolidated its activities at various levels within the Group (corporate, country or geographical area, business unit, production unit), centralising activities and coordinating the work of the local HSE functions. Group policies for Health, Safety and Environment, as well as the related Operating Procedures and Technical Standards, have been adopted and applied at operating unit level. The HSE function, with support from the Group audit team, periodically checks the effectiveness and proper application of the HSE rules at local level.

The aspects monitored by HSE using indicators include compliance with health and safety at work standards, energy consumption, waste management, water usage and greenhouse gas emissions. In particular, with reference to the greenhouse gas emissions, the Group has begun to collect energy consumption data in order to track both "direct" emissions (deriving from production processes) and "indirect" emissions (deriving from the energy purchased). This system of monitoring and reporting enabled the Group to participate in 2014, once again, in the Carbon Disclosure Project (CDP), which seeks to contribute to the pursuit of the objectives agreed in the Kyoto Protocol regarding the global reduction of greenhouse gas emissions.

The Prysmian Group continued steady efforts during the year in order to obtain certification for our Health, Safety and Environment management systems.

During 2014, 125 inspection visits were made to various

factories, of which one quarter were carried out by Prysmian auditors, in order to check compliance with the ISO 140001 and OHSAS 18001 requirements, while the others were performed by the Group's main certification agency.

Internal auditors also visited the various locations to check on specific topics and other agencies carried out inspections too.

In addition to the numerous training initiatives, the Group has managed and completed many activities coordinated by the HSE function, including active participation in various working parties and on association committees (Europacable's ECOE Committee, Orgalime's "Substances Task Force", ANIE's Environment Committee and AICE's environment working party, IEC's Maintenance Team that drafted the standard environmental declaration for power cables).

The approach to integration adopted represents, in fact, 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, with coordination assured by the Group HSE function. The Prysmian Group uses quali-quantitative parameters to monitor environmental performance and health and safety in the workplace.



93% and 59% of sites certified at year end in accordance with, respectively, the ISO 140001 and OHSAS 18001 standards



€ 7.3 million in HSE investment, mostly at the FOS «tri-generation» plant (Battipaglia factory)



More than **8,500 TOE*** expected to be saved in 2015-2016 at the FOS plant in Battipaglia, due to installation of the «tri-generation» plant

*TOE: Tonnes of oil equivalent



COMMITMENTS FOR THE FUTURE

As a result of using the Environmental Management System, the Group's system that seeks to enhance the efficient use of resources and reduce the environmental impact of production processes, Prysmian has been able to implement various energy efficiency initiatives at a number of factories in recent years (e.g. replacement of lighting systems, recycling of SF6, awareness campaigns about the consumption of energy). These initiatives have generated various benefits in both environmental and cost reduction terms.

With a view to moving further along this road, additional projects have been planned for 2015 that will lower greenhouse gas emissions and increase energy efficiency. In particular, energy audits will be carried out at various Group factories to identify areas for improvement, as well as further actions and investment to be implemented in 2016.

These projects will also enable the Group to establish specific objectives for the reduction of environmental impact.

The approach adopted by the Prysmian Group is consistent with the framework of Energy Efficiency standards issued at global level, including Directive 2012/27/EU in particular. The objective of the Directive is to increase the efficient use of energy in Europe, establishing a framework of measures that will contribute to the achievement by 2020 of the national energy saving objectives.

The Prysmian Group will use certified and independent experts to carry out the energy audits during 2015, with periodic repetitions. These audits will comply with the criteria provided by the national accreditation bodies and the relevant Technical Committees.

Lastly, the Group is committed to increasing the percentage of sites with ISO 140001 and OHSAS 18001 certification.

MAIN INITIATIVES TO LOWER ENVIRONMENTAL IMPACT

Energy

Power Cables

Various initiatives were implemented during 2014 in Nassjo, Sweden, with a view to reducing energy consumption:

- factory lighting has been optimised and limited to true production requirements, with the adoption of an automated control system. In particular, system is organised so that the lights are automatically switched on when the processing lines are in use. When these are stopped, the lights are switched off automatically;
- local heating now uses the heat generated by the various production process (suitable for use spring and autumn, while the water boiler remains in use during the winter);
- the heat insulation of the buildings has been improved, by reducing the ventilation within the factory (made possible by manufacturing enhancements) and by installing pressure systems at the main entrances to the factory.

The Schwerin factory, in Germany, has increased the amount of thermal energy purchased from the network served by the biogas-powered co-generation plant.

In Slatina, Romania, on the other hand, energy consumption was reduced by installing new machines that are more efficient in their use of energy.

By contrast, improvements were achieved at the Melaka factory in Malaysia as a result of various actions designed to optimise the efficient use of certain equipment, such as:

- loss limitation and other work on compressed air equipment;
- improvement in processing speeds;
- installation of LED lighting;
- efficiency improvements when working below capacity;
- modification to installations in order to centralise the functioning of chiller and compressor circuits, thus avoiding over usage.

In Spain, reductions in energy consumption were made possible by adopting systems that automatically disconnect background utilities that are not required for productive processes (e.g. during set-up or loading-unloading operations). Technical examples with an impact on electricity costs include: fans for machines and electricity boxes, engine heaters, pressurisation for refrigerated water and other liquids, lighting.

At the Arco Felice factory, the system used to recover condensation - installed last year - was extended to every line in a production department. The condensation generated from the manufacturing processes is recovered to generate additional heat, rather than losing it.

At the Vila Velha factory in Brazil, the internal movement of loads has been optimised in order to consume diesel more efficiently.

Lastly, at Cariacica in Brazil, electricity consumption has been made more efficient by installing racks of capacitors and a software-managed system for controlling their electrical charge.

Telecom Cables

In Slatina, Romania, just as at the “Energy” unit, energy consumption was reduced by installing new machines that are more efficient in their use of energy.

At the Dee Why factory in Australia, on the other hand, energy consumption has been reduced by encouraging workers to switch off utilities that are not needed, and checking on the implementation of this recommendation.

Optical fibre

One of the most important stages in the Battipaglia “tri-generation” project has been implemented, with a view to reducing consumption substantially in the coming years (as such, the benefits cannot yet be reported on in full here). The project involves the installation and regular use of a system for the independent generation of electricity using methane gas, while also using the heat from combustion to either heat or cool the water used for processing, depending on the production line served. The greatest savings in terms of energy consumption will be made possible by developing the above “tri-generation” project alongside another initiative introduced in 2014, which seeks to make production more efficient by addressing both the size of semi-finished products and the machines that make them. As a result, the energy saved over the two-year period 2015-2016 is expected to total about 14,000 TOE, of which 8,500 TOE due to the tri-generation plant and 5,500 TOE consequent to other production efficiency projects.

Hazardous waste

Power Cables

In Romania, action to reduce the production of hazardous waste has involved optimising the emulsion changes. This has contained the number of rejects and, accordingly, reduced the amount of waste emulsion to be eliminated.

At the Santa Perpetua factory in Spain, on the other hand, the objective was to reduce the consumption of solvents used to clean the marking machines. This was achieved by improving their maintenance and by using alternative machines that, instead of mixing ink with the solvent, have their own built-in cartridge.

At the Gron factory, examples of improvements intended to reduce the environmental impact included the re-activation

of level sensors to help minimise the losses of oil and therefore its disposal.

Telecom Cables

At the Claremont factory in the United States, the increased recycling of solvents during 2014 lowered the quantities of solvent produced, with clear benefits for the environment.

Optical fibre

At the Eindhoven factory in the Netherlands, regular use of the new scrubber has reduced the hazardous waste produced by the treatment of fumes.

Non-hazardous waste

Power Cables

At the Slatina factory, improvements have been made to the separation of waste by treating certain items previously considered "Urban Waste" as packaging, which is recycled. This outcome was achieved by increasing the awareness of the personnel who manage waste and carry out daily inspections. At the Cavinova factory in Spain, on the other hand, the quantity on non-hazardous waste has been reduced by improving compound quality. This was achieved by better configuration of the extruder, having regard for the type of product made.

Lastly, at Vila Velha, waste was reduced by enhancing process

efficiency. This involved making improvements to working methods and monitoring that reduced the need for rework.

Telecom Cables

At the Washington factory in the United Kingdom, the quantity of non-hazardous waste has been reduced by improving process efficiency.

On the other hand, at the Nuremberg factory in Germany, a reduction in non-hazardous waste - including packaging in particular - was made possible by increasing the quantity of drums that can be recycled (and using fewer disposable drums).

Water

Power Cables

With regard to the quantity of water consumed by the Group, the impact of consumption by the Rybinsk factory in Russia was reduced by expanding the water recirculation system commissioned in 2013.

At the Ascoli Piceno factory, water consumption was reduced by implementing a system for the recovery and reuse of waste cooling waters.

At Merlino, on the other hand, adjustments to the recircula-

tion plant in the compound production department have considerably reduced the amount of water consumed.

Telecom Cables

At the Slatina factory, production capacity was increased by using lines served by systems that recirculate processing waters, thus reducing specific consumption per tonne of factory production.



NOTES ON ENVIRONMENTAL PERFORMANCES

The Prysmian Group has selected a number of significant aspects from among those common to all operating units. Not limited to environmental issues, these topics also include responsibilities towards employees and the local communities as a competitive factor that contributes value to the Group. These aspects are considered representative and significant in relation to the activities of the Prysmian Group. This Report presents indicators showing their importance:

- energy consumption, obtained as the sum of all energy sources used in manufacturing and service activities;
- water consumption, which is significant due to the large volumes needed for cooling in the various production cycles;
- hazardous and non-hazardous waste, with a potential impact on various environmental factors and very considerable importance in the assessment of process efficiency;
- ozone-depleting substances which, although small in amount, are present in almost every production unit and

are carefully controlled to prevent leakages and reduce their potential atmospheric impact;

- greenhouse gas emissions, primarily linked to the use of sources of energy and, to a very limited extent, to the use of greenhouse gases at certain stages of production;
- efficiency in the use of raw materials, given the intensive use of valuable metals, such as copper and aluminium, as an essential part of most production processes, as well as the amount of scrap generated.

Based on assessments and Prysmian's past experience, the Group does not report on the following aspects, which are considered to be less significant:

- waste water originating from cooling systems, if not contained within a closed-circuit system and if not requiring special treatment;
- atmospheric emissions generated by production processes, which are not especially significant in most cases.