

# Linking the sustainable future

# 2019

THE PRESENT DOCUMENT WAS APPROVED BY THE BOARD OF DIRECTORS  
ON 5 MARCH 2020 AND SUBSEQUENTLY WITHDRAWN ON 30 MARCH 2020.

FOR THE NEW VERSION, PLEASE REFER TO THE DOCUMENT APPROVED  
ON 30 MARCH 2020.

## Sustainability Report

Consolidated disclosure of non-financial information of the Group pursuant to Legislative Decree 254/2016

DOCUMENT WITHDRAWN

2019

Sustainability Report

Consolidated disclosure of non-financial information of the Group pursuant to Legislative Decree 254/2016

**Prysmian**  
Group

Linking  
the Future

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# Highlights

## Environmental

 About **920,000 t CO<sub>2</sub>**  
EMISSIONS GHG (Scope 1 - Scope 2 Location Based)

**70%**  Percentage of product families covered by the **CARBON FOOTPRINT** measurement

 About **10,000,000 GJ**  
ENERGY CONSUMED

 **63%**  
Percentage of **WASTE RECYCLED**

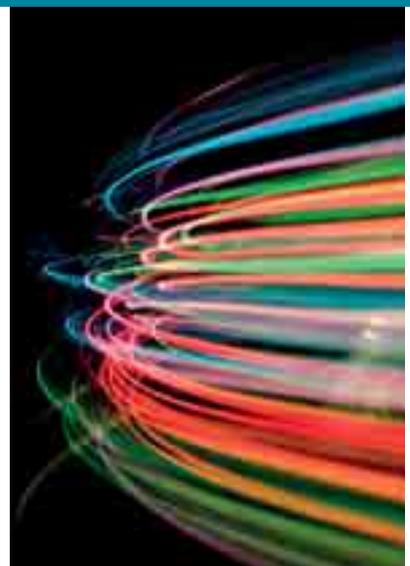


## Innovation

 **106 m€**  
investment in **R&D and INNOVATION**

**5,881**  
**PATENTS**  
and **PATENT APPLICATIONS** filed

About **50**  Number of **PARTNERSHIPS** for innovation



## Economic dimension

**48%**  Percentage of annual revenues from **LOW CARBON** enabling products



## People & Communities



About

**33%**

Employees who participate in the **YES PROGRAMME**

Over

**740,000**

**HOURS OF TRAINING** delivered during the year

**26**

Average hours of training per employee each year

**1,745**

**EMPLOYEES under 30** hired during the year



**65%**

Employee Engagement Index (EI)

**IF 1.30**

Injury rate (IF)

About

**80/610k €**

**INITIATIVES**

Community development initiatives supported by the Group

## Ethics and Integrity



**15 AUDIT**

of sustainability audits carried out based on risks in the supply chain



**1,124**

Employees with classroom training on **ANTI-CORRUPTION** matters

# Letter to Stakeholders



**Valerio Battista**  
Chief Executive Officer Prysmian Group

Signature of the Green Deal by the new European Commission in December 2019 has, for the first time, committed the EU to strive for climate neutrality by 2050, confirming compliance with the intermediate objectives set for 2030 and 2040.

This has activated an ambitious action plan to limit the increase in global warming over the next thirty years that, according to the estimates of the UN Intergovernmental Panel on Climate Change (IPCC), must not exceed 1.5°C in order to avoid irreparable damage to the planet. A similar approach was confirmed by the United Nations at the start of 2020, which launched the “Decade of Action” programme containing accelerated solutions for all the challenges set by the 2030 sustainable development goals.

So there is no doubt that the single most important goal is to achieve the production of clean electricity. This means transitioning from the current model based on the combustion of fossil fuels and main culprit of climate change - and, therefore, for about 60% of global greenhouse gas emissions - to the production of energy from renewable sources that preserve eco-systems for future generations and can be made accessible to an increasing number of persons in all regions of the world, in order to support their civil and economic progress.

**The Prysmian Group is committed to supporting efforts to achieve the objectives set by the global agenda, contributing to the creation and modernisation of infrastructure for the transportation and distribution of energy and telecommunications, which are essential drivers in the transition to the new model for the development of society.**

For this reason, the Group is committed to constant technological innovation, with about Euro 106 million invested in R&D during 2019, over 50 partnerships for innovation and about 5,900 patents held.

As a public company, we have always maintained open and transparent dialogue with our stakeholders: shareholders, employees, customers and suppliers, the institutions and the communities in which we work. We are committed to ensuring high governance standards and practices: 67% of Board members are independent, 42% are women. Over 9,200 Group employees are shareholders in the Company, owning about 1.5% of share capital.

The incentive scheme for all managers within the Prysmian Group is linked to the achievement of objectives for the improvement of our ESG parameters. The Compensation, Appointments and Sustainability Committee is responsible for assessing the performance of the Group against these criteria. When assessing performance in 2019, the Committee will make reference to the positioning of the Group in the Dow Jones Sustainability Index, the CDP Index and the EcoVadis index, to the gender diversity of management, to the reduction of CO<sub>2</sub> emissions and to topics related to occupational health and safety.

The ESG criteria are fully integrated into the industrial strategy of the Prysmian Group. Indeed, we have adopted a scorecard that enables us to manage social and environmental matters as a part of our business activities. This scorecard contains 14 clear and measurable objectives with a business impact. Our international presence, in 50 countries around the world, has heavily influenced our diversity in terms of culture, gender and age. Starting from 2016, we have introduced various suitable initiatives designed to build on this extraordinary characteristic, such as the "Side by Side" project - for the creation of value consistent with our business objectives - and the Women Leadership Programme, which provides training to our female talents and has helped to raise the percentage of women in executive positions to 12% (10.8% in 2018).

Lastly, from September 2019 the Prysmian Group is included - as the only company in the cables sector - in the Dow Jones Sustainability World index. Tracking 2,700 businesses, this is the most important international index for the assessment of performance in environmental, social and governance (ESG) terms.

# Sustainability is in the DNA of the Prysmian Group

## ESG FULLY INTEGRATED

As a “fully integrated” ESG Group, we have adopted concrete and measurable actions within a plan ensuring that our activities take full account of the economic, social and environmental aspects considered by the sustainability indexes to which we belong, as well as the 17 UN Sustainable Development Goals (SDGs) for 2030 and the requirements identified by listening to all our stakeholders.

## PUBLIC COMPANY

We are in primis a **Public Company** with a broad shareholder base and, as such, it is fundamental to align the interests of the Group with those of all our stakeholders. Accordingly, we have always maintained open and transparent dialogue with our shareholders, employees, customers and suppliers, with the institutions and with the communities in which we work.

We are committed to ensuring the highest international standards of governance: for example, 67% of Board members are independent and 42% are women. Integrity as a corporate value is expressed using a series of instruments and policies: the Code of Ethics, the anti-corruption policy, privacy and data protection, and the helpline programme that facilitates the transparent management of issues.

## PEOPLE COMPANY

We are also a **Company of People**: we support and recognise the abilities of those who work for us and our community, providing continuous, multi-disciplinary and specialist training to our employees, many of whom - about 9,200 out of almost 29,000 - are also long-term shareholders. Management and employees own about 1.5% of the share capital of Prysmian Group, investing directly in the Company and demonstrating their confidence in us.

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## MANAGEMENT INCENTIVE SCHEMES

Furthermore, we have adopted a **management incentive scheme linked to the achievement of objectives for the improvement of our ESG parameters** that applies to all Prysmian Group managers. Group performance in relation to these criteria during 2019 is assessed by the Compensation, Appointments and Sustainability Committee, with reference to a series of parameters that evidence the progress made by the action plans implemented. These reference the parameters defined by the principal sustainability indexes to which we belong - Dow Jones Sustainability Index, CDP Index, EcoVadis index - for the level of gender diversity within management, the reduction of CO<sub>2</sub> emissions and topics relating to occupational health and safety.

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# Global presence



## NORTH AMERICA

CANADA  
U.S.A.

**23**  
plants

## LATAM

ARGENTINA  
BRAZIL  
CHILE  
COLOMBIA  
COSTA RICA  
ECUADOR  
MEXICO

**13**  
plants

## EUROPE

CZECH REPUBLIC  
ESTONIA  
FINLAND  
FRANCE  
GERMANY  
HUNGARY  
ITALY  
NORWAY  
PORTUGAL  
ROMANIA  
RUSSIA  
SLOVAKIA  
SPAIN  
SWEDEN  
THE NETHERLANDS  
U.K.

**50**  
plants

## MEAT

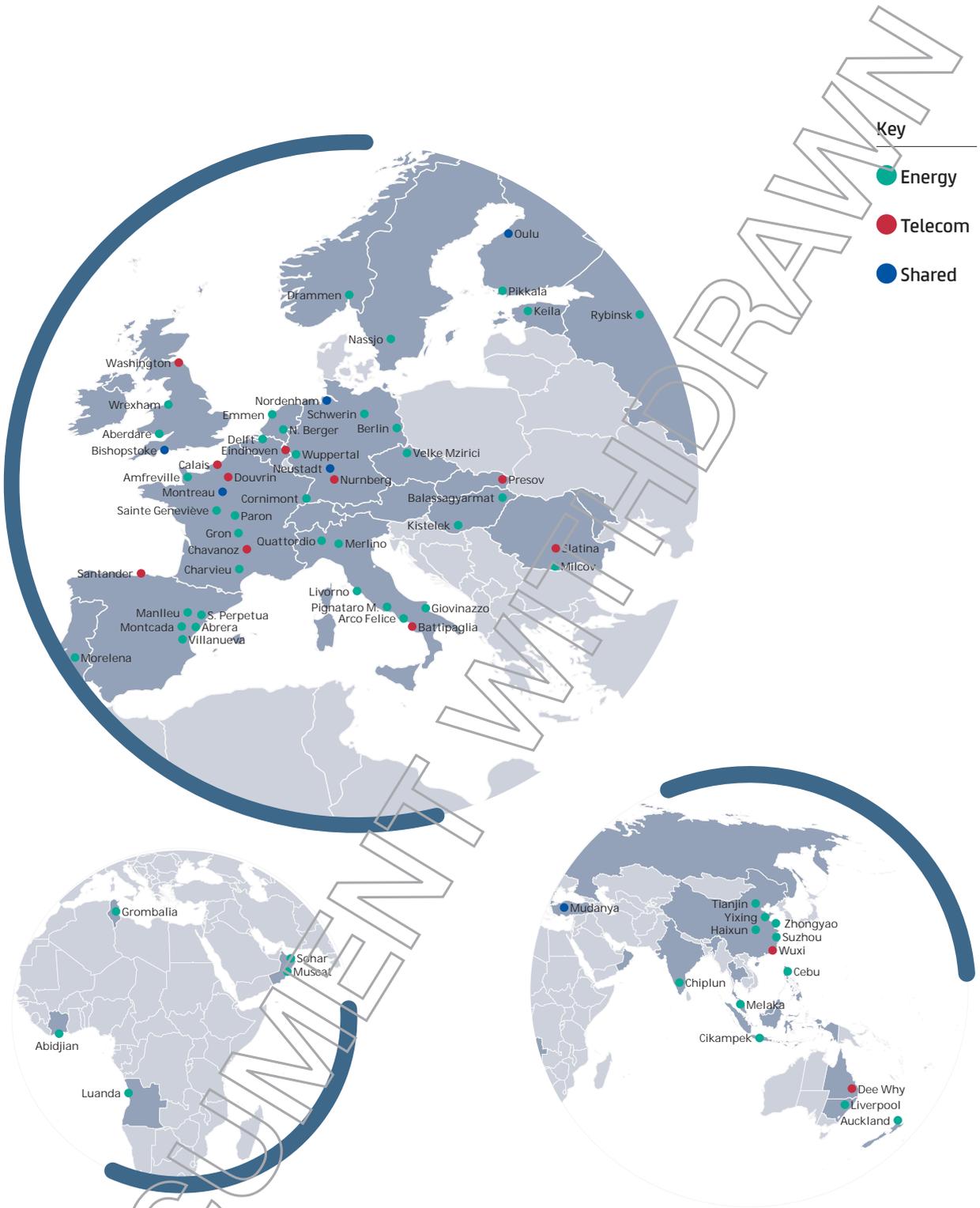
ANGOLA  
IVORY COAST  
OMAN  
TUNISIA  
TURKEY

**6**  
plants

## APAC

AUSTRALIA  
CHINA  
INDIA  
MALAYSIA  
INDONESIA  
NEW ZEALAND  
PHILIPPINES  
THAILAND

**14**  
plants



  
**+50**  
 countries

  
**106**  
 plants

  
**25**  
 R&D  
 centers

  
 about  
**29**  
 thousand  
 employees

  
**3**  
 ships  
 equipped



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01

SUSTAINABILITY REPORT

**Prysmian Group,  
linking the future**

DOCUMENT WITHDRAWN

# World leader in the supply of power and telecom cables

With sales in excess of Euro 11.5 billion, approximately 29,000 employees and 106 plants in more than 50 countries, the Group has a consolidated presence in technologically advanced markets. The broadest range of products, services, technologies and know how are offered to manufacturers that use cabling systems in the production and distribution of energy and telecommunications.

Established at the end of the 1800s as Pirelli Cables, the Prysmian Group has grown by acquisitions: from absorption of the activities of Siemens and Nokia in the power cables sector, to the more recent acquisition of the Draka group, based in the Netherlands, and, in 2018, to the takeover of General Cable, a US group.

The history of the Group spans the entire cables industry, with aggregations that sustained expansion of the products and services offered, with constant innovations, improving standards and a greater geographical presence, which is a significant strength when serving regional market needs.

This leadership extends to business control as well. An industry leader has emerged over time, not only in terms of know-how and technological skills, but also with regard to effective operational control. The proven ability to identify synergies and lower costs rapidly ensures operational efficiency at the highest level within the sector.

# Vision, Mission, Values

## VISION

We believe in the efficient, effective and sustainable supply of energy and information as the main driver for the development of community.

## MISSION

The Prysmian Group provides its customers worldwide with superior cable solutions based on pioneering technology and consistent excellence in execution, ultimately delivering sustainable growth and profit.

## VALUES

**DRIVE.** Our objective is to guide the evolution of our sector: we develop our people and our business, following a clear strategy while anticipating customer needs.

**TRUST.** We intend to create an environment that inspires trust, where diversity and collaboration are recognised and people are empowered to make decisions with integrity.

**SIMPLICITY.** Our challenge is to simplify all that we can, focusing on activities that generate considerable value and timely decisions that enhance the results achieved by the Group.

# A business model balanced by segment and geographical area

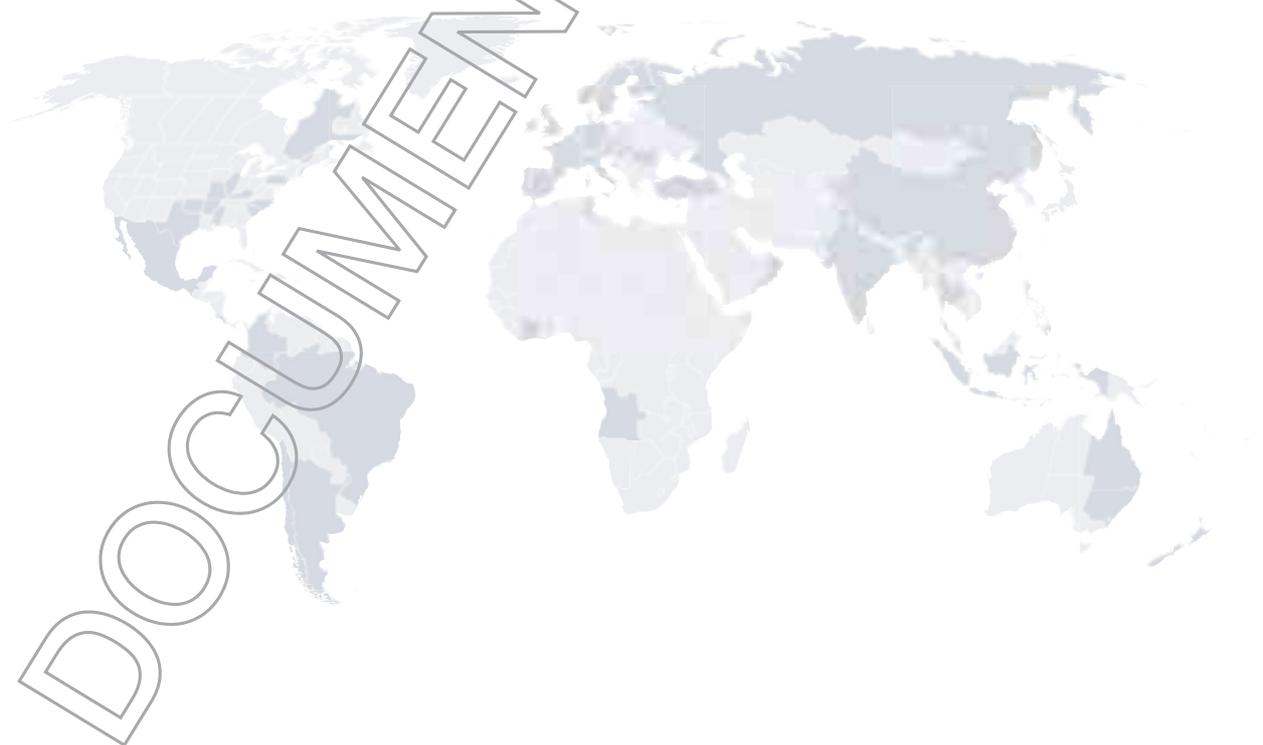
The diversified portfolio of activities is a strength for the Prysmian Group, as the only global leader with a business model balanced among areas with differing profiles, where each segment plays a precise role in the overall strategy, considering stability, growth potential and the generation of opportunities.

Historically, the Energy area has delivered the most stable results, while the Projects and Telecom areas have been marked by greater volatility.

Acquisitions have always fit in with the strategy of maintaining balance: General Cable enabled the Group to diversify geographically, with strong exposure to the North American market, which is structured differently with more consolidated dynamics.

Additionally, while the positioning of the Prysmian Group as a cable manufacturer remains central, part of its activities make it a network solution provider, drawing on the ability to integrate ever more closely the various components - engineering, installation, network monitoring and after-sales services - in order to provide value-added services that ensure recurring revenue streams and build long-term partnerships with customers.

Alongside this, the Group is also able to identify and develop value-added market niches - such as elevator cables, cables for multimedia applications, solutions produced by Prysmian Electronics - while releasing the synergies needed to be cost-effective and offer end-to-end solutions integrated with advanced digital equipment.



## BUSINESS AREAS

Following the acquisition of General Cable (2018), the structure of the Group - with applications in over one hundred sectors - was organised into a matrix of reference markets and business units.



### Energy

The Energy business area comprises businesses offering a complete and innovative product portfolio designed to meet the many diverse demands of the market. It is organised as follows: Energy & Infrastructure, which includes Trade & Installers, Power Distribution and Overhead Transmission Lines, and Industrial and Network Components, which includes Oil & Gas, Downhole Technology, Elevators, Automotive, Network Components and Specialties & OEM, serving in turn the following sectors: Cranes, Mining, Railways, Rolling Stock, Marine and Renewables (cables for applications in the solar energy industry and for the operation of wind turbines).

### Projects

This business area comprises high-tech and high value-added businesses focused on the design, production and customisation of HV cabling systems for terrestrial and submarine applications. The Group develops pioneering "turnkey" submarine cable systems for installation at depths of up to 3,000 metres, assisted by its cable-laying fleet comprising the Giulio Verne, the Cable Enterprise and the Ulisse. Prysmian Group also offers advanced services for submarine interconnections between countries and between offshore wind farms and the mainland, used for both the generation and distribution of electricity.



### Telecom

The telecom business area comprises businesses devoted to making the cabling systems and connectivity products used in tlc networks. The product portfolio includes optical fibre, optical cables, connectivity components and accessories, OPGW (Optical Ground Wire) and copper cables. The Group is also among the leaders in the production of optical fibre - the essential component of all types of optical cables. A wide range of optical fibres is designed and made using proprietary technology to cater to the broadest possible spectrum of customer applications: single-mode, multimode and specialty fibres. In both cables and connectivity, the Group focuses on the design of products that provided greater density in a smaller diameter, with ease of use and optimal fibre management.

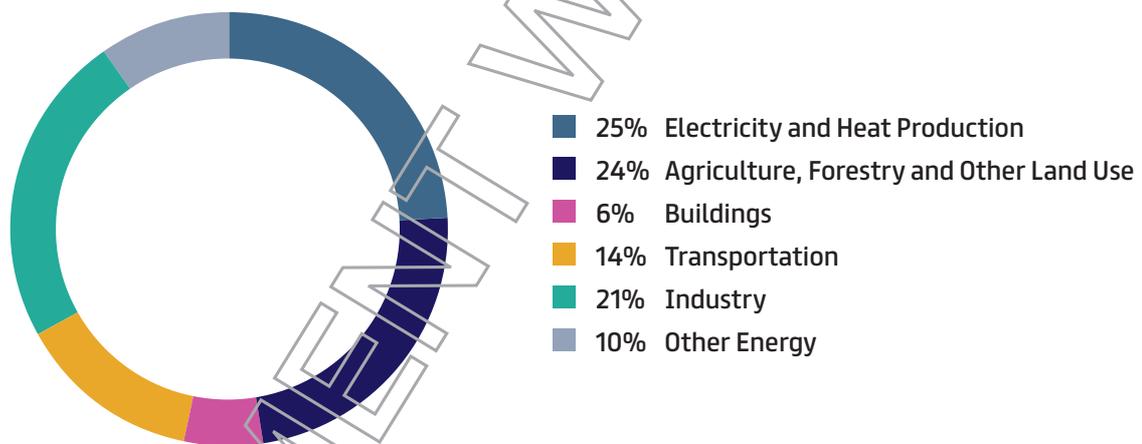
# Prysmian Group for the energy transition

The energy transition from fossil fuels to renewable sources is one of the greatest and most urgent challenges faced by humanity. The production of electricity and heat generates 25% of all global CO<sub>2</sub> emissions.

Europe was one of the first economies to make formal commitments, establishing the objectives for 2030: 40% reduction in greenhouse gas emissions with respect to the 1990 level; 32% of energy needs met by renewable sources and an improvement in energy efficiency by at least 32.5%<sup>1</sup>. Signature of the new Green Plan by the European Commission in December 2019 seeks to make Europe carbon neutral by 2050, highlighting the priority need for an integrated energy market that is digitalised and interconnected with renewable sources.

That said, the development of renewable energy in Europe, North America and the Asian countries with the largest impact on CO<sub>2</sub> emissions is still heavily restricted by the need for substantial investment.

## CO<sub>2</sub> EMISSIONS BY SECTOR: TACKLING THE ELECTRICITY SECTOR WILL NOT BE ENOUGH



Source: IPCC

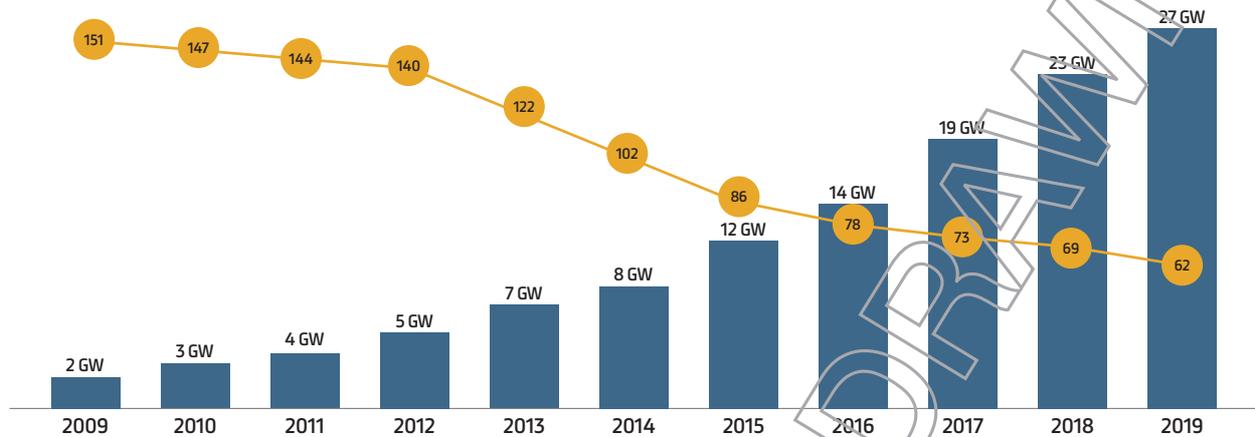
Accordingly, the Prysmian Group is deeply committed to supporting the development of **smarter** and **more sustainable** electricity grids. In order to achieve the ambitious decarbonisation objective set by Europe, the European Commission estimates that the offshore wind energy needed by 2050 will total 450 GW.

To deliver this, the offshore wind power sector will need an efficient, sustainable and reliable electricity transmission system, capable of supporting the transition to renewable energy at ever more competitive costs.

<sup>1</sup> The 2030 climate and energy framework published by the European Commission.

**As the cost of offshore wind has declined, installations have soared**

**Offshore wind: Global installed capacity (GW, navy bars) vs LCOE in Europe (€/MWh)**



Goldman Sachs Global Investment Research. IRENA.

So it is necessary to develop a grid that facilitates a cost-effective energy transition, maintaining adequate resources while, at the same time, enabling system operators to cope with variable models of consumption and demand. In a “No Grid” scenario by 2040, ENTSO-E has shown that failure to invest in the transmission system could increase the marginal price by 3% -29%, depending on the region, and endanger the security of the electricity supply as well.



Data source: ENTSO-E.

In concrete terms, it will only be possible to achieve the objectives set recently by the European Commission and the UN SDGs for the coming decade if efforts are made to lower the production cost of renewables to the level enjoyed by fossil fuels.

The Prysmian Group seeks to be the go-to technology player in this scenario, facilitating the production and transmission of cleaner, more intelligent and more efficient and competitive energy, so that power can be transferred from the location of renewable production (offshore wind farms) to the place of consumption (communities and urban centres).

Cable technology will be decisive in this scenario, making it possible to improve the grids needed for this energy transition, while optical fibre will enable the digitalisation of society as an essential step in the development of a low-carbon economy and a new growth model.

The Prysmian Group promotes cable solutions that support the move towards this low-carbon economy, with positive effects on climate change. Indeed, in 2019, 48% of total Group revenues were attributable, based on the Climate Bond Initiative taxonomy, to products that facilitate achievement of the target set by COP 21 in the 2015 Paris Agreements and, in general, an energy transition that contributes to the decarbonisation of the economy and the digitalisation of networks.

## THE LARGEST CABLE-LAYING VESSEL IN THE WORLD

The Leonardo da Vinci cable-laying vessel is now under construction. Named after the celebrate genius, inventor and engineer, this ship will strengthen the ability of Prysmian to execute projects and our reputation as a “one-stop-shop” service provider. The Leonardo da Vinci, which joins the current Prysmian fleet of three vessels, will be the best performing cable-laying vessel in the world.

With a length of about **170 m** and a beam of about **34 m**, the Leonardo da Vinci is designed to guarantee greater capacity and versatility in the execution of projects, due to such advanced functionality as: ability to install at **depths of more than 3,000 m**, due in part to a new generation of cable technology with lighter shielding; maximum speed in excess of 14 knots; **2 carousels** of 7,000 and 10,000 tonnes, representing the **greatest capacity available on the market** and reducing the plant-site transportation time and, therefore, improving overall project efficiency; **2 independent laying lines** to increase operational **flexibility**; pulling force in excess of 180 tonnes that enables complex installation operations to be carried out, supporting a series of burial systems and equipment, such as the submarine plough and the Hydroplow. The ship will be equipped with leading **DP3** systems for reaching and holding position at sea, while its engines and propulsion systems have been designed specifically to ensure their **reduced environmental impact**. All equipment for the handling and installation of cables was designed by Prysmian.



As an industry leader, we seek to make a stable contribution to the modernisation of the entire sector and to improve Group processes constantly, in a proactive manner, in order to make them more efficient and sustainable. We achieve this by collaborating with international research centres and universities, with our suppliers throughout the entire production chain and with our customers, with which we have developed long-term co-innovation processes and partnerships.

The Prysmian Group is committed to making constant innovations that enhance the performance of terrestrial and submarine HV cables, which are key to the development of power grids.

## Cable technology in support of the energy transition

Cables (especially HV terrestrial and submarine cables) are and will be an essential component in completing the energy transition, as they are responsible for the generation of electricity by offshore wind farms and for the interconnections between systems and countries, thus supporting the implementation of more integrated, efficient and sustainable electricity grids.

More specifically:

cables represent the **backbone** of electricity grids, the components without which it would not be possible to transmit and transport energy from one country to another;

cables (especially terrestrial and submarine cables) make the **entire electricity grid more efficient**, facilitating the exchange of energy between different countries / consumption areas with different consumption models, thus enabling consumers to obtain access to cheaper and cleaner energy;

submarine cables transmit electricity from the sea, where the wind farms are located, to the land, where the primary distribution network is located,

terrestrial cables transmit electricity from the areas in which it is generated (the landfall of submarine cables) to the places in which it is consumed.

## Prysmian roadmap for innovation

In particular, research efforts are focused on a number of main objectives:

cables that can be installed at **ever greater depths** and in any marine environment, even reaching a depth of 3,000 metres;

**ever longer** interconnections, to link countries that are far apart;

cables for the **wind farms furthest from land** (e.g. floating wind farms), located in the most wind-swept areas;

increase the **intrinsic reliability** of cables, **limiting their dispersion**, and equipping them with sensors capable of monitoring the system;

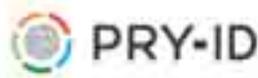
increase **cable productivity**, contributing to a significant reduction in system installation costs. In particular, more productive and reliable cables help to optimise installation costs (fewer trenches and therefore easier access to the permits needed to complete an interconnection).

In the same way, the objective in the optical fibre sector is to ensure ever greater levels of flexibility, without loss of signal quality, and to prepare for the 5G challenge that will require the market to install new infrastructure to an almost unprecedented extent.

# Significant facts

## The fingerprint of cables that provides information in real time

PRY-ID is the intelligent, innovative solution launched by Prysmian that provides real-time access to key information about cables and accessories: case type, length, source, components connected. This represents a type of "fingerprint" for cables, which translates into cost savings and enhanced safety by making it easier to locate cables and components reliably within buildings



## Intelligent virtual assistant for managing drums and electrical cables

ALESEA is the new IoT solution that provides virtual assistance in the management of drums: this is the first innovation from Corporate Hangar, the innovation hub of Prysmian. An intelligent device is installed on the drum and cloud infrastructure makes it possible to file and process the data, accessible via an intuitive web platform. To date, over 1,000 Alesea devices have been tested in 7 countries.

ALESEA

## Innovative technology for monitoring networks

PRY-CAM is proprietary Prysmian technology for monitoring, managing and assessing the condition of electrical systems, innovatively drawing on a series of products to record all key parameters (partial discharges, current, voltage, temperature, humidity etc.) and facilitate efficient management using a predictive approach.



A Brand of Prysmian Group

## FLEXRIBBON

FlexRibbon is the optical fibre cable with the largest number of fibres in the world: using extremely flexible fibre ribbons, almost 7,000 fibres can be fitted into a low-diameter cable. This makes it possible to insert the largest possible number of fibres into the space available, miniaturising the cable.



## The Leonardo da Vinci, the largest cable-laying ship in the world, has a low environmental impact



Prysmian has begun construction of the Leonardo da Vinci, the largest cable-laying ship in the world. This vessel is designed to be the most efficient and effective on the market, with increased capacity and greater versatility for the implementation of projects. The ship will be equipped with leading systems for reaching and holding position at sea, while its engines and propulsion systems have been designed specifically to reduce the environmental impact. The new vessel will be fully operational by 2Q 2021.

### BENDBRIGHT<sup>XS</sup> 180µm - Revolutionary innovation for broadband



Prysmian has launched the first fibre in the world that can be bent at will, with a diameter of 180 microns that allows cable miniaturisation at a level never before achieved. Optical fibre cables are a crucial part of the global transition to flexible and reliable connectivity. Their large number of fibres and reduced diameter makes installation quicker and cheaper. This innovation confirms the commitment of Prysmian to support the evolution of high density optical networks.

### Interconnection of the Cycladic islands

Prysmian is achieving a new first thanks to a new cable with synthetic sheathing that is about 30% lighter than steel, thus paving the way to new scenarios in which installations at great depth, up to 3,000 metres, will be possible.

The Group is using this new technology for the undersea electrical interconnection of the Cycladic Islands, Evia, Andros and Tinos, involving the design, supply and installation of two high voltage AC cables that will increase energy transmission between the islands, ensuring solidity, reliability and sustainability.

### Dow Jones Sustainability Index 2019: important recognition

The Prysmian Group was included in the Dow Jones Sustainability World for the first time in 2019. This is the largest international index for the assessment of performance in environmental, social and governance (ESG) terms. Inclusion in this index recognises the efforts made by Prysmian to define a sustainable business approach and serve as an enabler in developing the best cable and optical fibre technologies, thus supporting the transition towards a more sustainable use of energy resources, digitalisation and the decarbonisation of economies.

The DJSI is based on the appraisals of RobecoSAM ESG, which awarded Prysmian a score of 84/100 and a Silver Sustainability Yearbook Award 2020.



### Listening to our Stakeholders

Prysmian has held an event for stakeholders at its headquarters, to update them on the Group strategies and action plans addressing the main trends and topics with regard to sustainability.

More than 70 high-profile attendees from customers and commercial partners, suppliers, investors, universities and trade unions contributed, via their involvement, to the creation and development of a dialogue on sustainability and the definition of Group priorities on ESG matters.

**70** High-profile attendees

- Partners
- Providers
- Investors
- Universities
- Labor unions



03

SUSTAINABILITY REPORT

**Sustainability  
in our DNA**

DOCUMENT WITH DRAFT

# Sustainability in Prysmian Group

## SUSTAINABILITY IS IN OUR DNA

Sustainability plays a central role for the Prysmian Group, committed to promoting a business model that integrates economic, social and environmental responsibility in all aspects and activities of the Group.

The Prysmian Group promotes a business model based on the concept of shared value through a strategic approach that considers the following elements to be key: listening to and actively involving all internal and external stakeholders, dedicating constant attention to the evolving global and industry context, and planning for the future in a responsible manner that considers the environment and society.

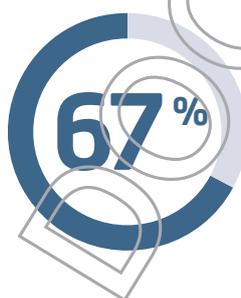
The strength of this approach is the constant monitoring of the Group's sustainability performance along the entire value chain, with the aim not only of assessing performance ex post, but also of developing a proactive attitude in decision-making processes, able to anticipate and seize the new opportunities. ESG (Environmental, Social and Governance) matters are absolutely integral to the sustainability strategy adopted by the Group, which has four main aspects:



### PUBLIC COMPANY

We are a public company and, as such, it is fundamental to align the interests of the Group with those of our stakeholders. We have always maintained open and transparent dialogue with our shareholders, employees, customers and suppliers, the institutions and the communities in which we work. In order to ensure their confidence and support, we strive to maintain high governance standards and practices: for example, 67% of Board members are independent. As a public company, the shareholders' meetings of the Prysmian Group provide an important opportunity for discussion, involvement and agreement among all shareholders. Participation is lively and proactive. For example, the meeting held to approve the 2018 financial statements was attended by more than 1,530 shareholders, in person or by proxy, representing 61% of the share capital of Prysmian Group. In addition, our open and transparent relations with the market and investors translate into over 500 meetings each year, as well as other contacts.

Integrity as a corporate value is expressed using a series of instruments: the Code of Ethics, the anti-corruption policy, privacy and data protection, and the Helpline programme for reporting actual, apparent or potential infringements of the law. Prysmian Group is a company made of people: out of 29,000 employees, more than 9,200, owning about 1.5% of the share capital, have subscribed to the "YES" share ownership programme - investing directly and expressing their confidence in the Company.



of Board members are independent

1,530

Shareholders who attended the 2018 Financial Statements approval



## ESG IS INTEGRAL TO THE GROUP STRATEGY

We strive to align the management objectives of the Group with the sustainability KPIs and, to this end, we have adopted a scorecard that enables us to manage social, economic and environmental matters as a part of our business activities. The Prysmian Group's scorecard comprises 14 objectives with a business impact. These are clear and measurable objectives identified with reference to 3 parameters: the 17 Sustainable Development Goals for 2030 (SDGs) defined by the United Nations, requests from major International Sustainability Indexes and the needs and expectations of our stakeholders, which are mapped each year via the Group's stakeholder engagement initiatives.

# Scorecard 14 objectives



## REMUNERATION POLICY ALIGNED WITH ESG CRITERIA

The incentive scheme for all managers within the Prysmian Group is linked to the achievement of objectives for the improvement of our ESG parameters. The 2019 Remuneration Policy adopted by the Group includes a system of variable remuneration based partly on performance on sustainability matters and, in particular, on the positioning of the Group in the three main sustainability indexes - Dow Jones Sustainability Index, CDP Index, EcoVadis Index - and partly on the progress made on implementing the action plans for three matters of importance to the business: the level of gender diversity in management, the reduction of CO<sub>2</sub> emissions and occupational health and safety.



GENDER BALANCE



EMISSIONS



HEALTH AND SAFETY



## A CLEAR AND AMBITIOUS ACTION PLAN

The Prysmian Group has implemented concrete actions designed to achieve the sustainability objectives identified in the scorecard. The main actions include:



### MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

Increase the percentage of cables covered by the carbon footprint calculation: to this end, a platform has been implemented that can calculate the carbon footprint of various types of cable (Common Analysis).



### ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

Develop innovative solutions that contribute actively to the transition towards the use of renewable sources and the digitalisation of networks, such as cables for the production and distribution of solar and wind energy, undersea cables for interconnections between countries and optical fibre cables.



### TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS, REGULATING EMISSIONS AND PROMOTING THE DEVELOPMENT OF RENEWABLE ENERGY

Increase the number of plants with environmental, health and safety management certification. Investments and other initiatives designed to reduce GHG emissions.



### ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Increase third-party audits in specific areas, such as governance, the environment and human resources.



### ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Increase the percentage of women in executive positions via the adoption of specific "diversity and inclusion" programmes, such as the "Side-by-Side" project for the promotion of diversity within the business, and the mentoring of female talents, such as the WLP (Women Leadership Programme).

The long-term strategy translates into a search for stable equilibrium, balancing the adoption of innovative and efficient processes [**organisation**], the responsible management of performance throughout the entire value chain [**operations**], the safeguarding of personnel and the recognition of talent [**people**].

Sustainability therefore plays a central role for the Group, which is committed to promoting a business model that integrates economic, social and environmental responsibility in all its aspects.

Our approach recognises the key importance of listening to and actively involving all internal and external stakeholders, dedicating constant attention to the evolution of the global and industry context, and acting responsibly towards the environment and society as a whole.

In this sense, the Prysmian Group recognises the responsibility deriving from our industry leadership role in facilitating the energy and digital transition to a new development model focused on renewable energy and decarbonisation.

As such, the objectives of the Prysmian Group include designing the advanced infrastructure for the transmission and distribution of energy and data needed for the development of economies, and well as for growth and progress in developing countries.



DOCUMENT WITHDRAWN

## THE ESG STRATEGY OF THE GROUP

In 2017, Prysmian published its own **Sustainability Policy**, which defines the vision and reference values for the various areas of Business Integrity, Governance, Product, Social and Environmental Responsibility. The policy aims to provide sustainability guidelines for all Group companies and operations, based on the strategic priorities identified in the business plan to which Prysmian is committed as part of a medium to long-term vision.

Consistent with the Group’s Sustainability Policy, the sustainability strategy adopted by Prysmian has identified three strategic priorities with three strategic pillars:

- I sustainable and innovative solutions for the business;
- II responsible use of energy and natural resources;
- III development of people and communities.

The three pillars comprise 14 objectives to be reached by 2022, translating the strategic direction into concrete and measurable actions.

### SUSTAINABILITY STRATEGY

**Sustainability Indexes**

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**United Nations SDGs**

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**Stakeholders**

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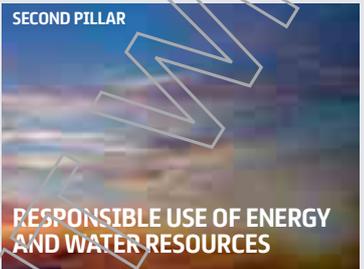
The Group completed the priority definition process in 2016. Analysis considered the main global and industry trends, the **17 Sustainable Development Goals** for 2030 (SDGs) defined by the United Nations, requests from major **International Sustainability Indexes** (Dow Jones Sustainability Index, FTSE4GOOD, CDP, Bloomberg ESG, etc.) and the **needs and expectations of the Group's stakeholders**, which are mapped each year through stakeholder engagement initiatives undertaken by the Group.

The analysis was then supplemented by strategic guidance from the Compensation, Appointments and Sustainability Committee of the Board of Directors, establishing the strategic priorities and, therefore, the related KPIs, targets and actions needed to achieve them.

The SDGs played a key role in defining the objectives of the Group, enabling the Prysmian Group to supplement its own priorities with those identified by the UN and compare its strategic sustainability goals with those adopted at a global level.

The Prysmian Group has identified 13 SDGs with a direct business impact, 5 of which are considered to be the most important: Industry, innovation and infrastructure (SDG 9), Sustainable cities and communities (SDG 11), Affordable and clean energy (SDG 7), Responsible consumption and production (SDG 12) and Gender equality (SDG 5).

These are supplemented by the suggestions that emerge from annual meetings with Stakeholders and the requirements of the main Sustainability Indexes.

<b>PRIORITIES</b>	 <p><b>FIRST PILLAR</b></p> <p><b>SUSTAINABLE AND INNOVATIVE SOLUTIONS FOR THE BUSINESS</b></p>	 <p><b>SECOND PILLAR</b></p> <p><b>RESPONSIBLE USE OF ENERGY AND WATER RESOURCES</b></p>	 <p><b>THIRD PILLAR</b></p> <p><b>DEVELOPMENT OF PEOPLE AND COMMUNITIES</b></p>
	<p>Facilitate the deployment of accessible energy and innovation in telecommunications and infrastructure.</p>	<p>Pursue the responsible consumption of natural resources and sustainable supplies.</p>	<p>Contribute to the development of people and local communities.</p>
<b>ACTIONS</b>	<ol style="list-style-type: none"> <li>1. Develop innovative products and solutions that support improvement of the sustainability of telecommunication and energy infrastructures.</li> <li>2. Boost the sale of high quality, reliable and green products and services.</li> <li>3. Contribute to the universal dissemination of energy and telecommunications via reliable and accessible infrastructure.</li> <li>4. Facilitate access to clean energy, via the development of solutions for the producers of renewable energy and support for the research into sustainable technologies.</li> </ol>	<ol style="list-style-type: none"> <li>5. Pursue the efficient and sustainable use of energy and natural resources by reducing consumption and greenhouse gas emissions, while minimising the generation of waste and promoting the recycling and reuse of materials.</li> <li>6. Promote sustainable business practices between our suppliers and business partners.</li> </ol>	<ol style="list-style-type: none"> <li>7. Participate in and contribute to the socio-economic development of the communities in which the Group operates, via the adoption of an appropriate Corporate Citizenship and Philanthropy policy.</li> <li>8. Promote ethical conduct and the training and professional growth of personnel, protect diversity and the rights of workers and develop a healthy workplace environment.</li> <li>9. Develop effective, transparent and responsible communications with stakeholders.</li> </ol>

## OUR TARGETS FOR 2022 - SCORECARD

The strategy definition process followed in 2016 resulted in the first “**Sustainability Scorecard**”, comprising 16 strategic objectives with targets for 2020. The annual progress report is included in the Non-Financial Declarations made by the Group.

Following the acquisition of General Cable in 2018, the Group began to implement its own sustainability guidelines and monitoring systems within the new perimeter. This meant that 2018 reporting took place at a time of transition and, therefore, for the sake of continuity with 2017, the sustainability performance of the Group as at 31.12.2018 was limited to the former Prysmian Group perimeter.

At this time, the sustainability priorities have been fully integrated within the former General Cable perimeter, providing a unified strategic vision for the Group. It was necessary to **revise the Scorecard** following this integration, enabling Prysmian to take account of the change in perimeter and the time required to implement the required sustainability actions throughout the Group.

This revision was carried out in accordance with the process described above and, therefore, took account of the additional suggestions received following further stakeholder engagement and the latest requirements of the Sustainability Indexes.

The **Sustainability Scorecard** has been updated to include the General Cable business, revising the KPIs and targets with 2019 as the baseline.

Accordingly, the Prysmian Group now has a new **Sustainability Scorecard** comprising 14 challenging targets to be met by 2022. The entire process is monitored by the Sustainability Steering Committee, which is chaired by the Chief Operating Officer of the Group.

## Sustainability Scorecard

SDGs	KPI	Baseline 2019	Target 2022
	Percentage of product families covered by the carbon footprint measurement	70% <sup>2</sup>	85%
	Percentage of annual revenues from low carbon enabling products <sup>3</sup>	48%	48% to 50%
	Percentage reduction in the emissions of greenhouse gases (Scope 1 and 2)	889 <sup>4</sup> ktCO <sub>2</sub>	-2% to -3%
	Percentage reduction in energy consumption	9,845 <sup>5</sup> TJ	-3%
	Percentage of plants certified ISO 14001	83%	95%
	Percentage of waste recycled	63% <sup>6</sup>	64% to 66%
	Percentage of drums (tonnes) reused during the year	28% <sup>7</sup>	Maintain
	Number of sustainability audits carried out based on risks in the supply chain	15	30
	Percentage of cables assessed using EcoLabel criteria developed internally by Prysmian	0%	20%
	Employee Engagement Index (EI)	EI: 65%	EI: 67% to 70%
	Leadership Impact Index (LI) <sup>8</sup>	LI: 57%	LI: 59% to 65%
	Average hours of training per employee each year <sup>9</sup>	26 hours	30 hours
	Percentage of women executives	12%	14% to 18%
	Percentage of white collar women with permanent contracts	33%	40%
	Frequency rate (IF)	IF: 1.30	IF: 1.2
	Severity rate (IG) <sup>10</sup>	IG: 41.54	IG: 41

2 Takes account of possible changes in the product portfolio of, and consequently the number of items in, the former General Cable perimeter.

3 Definition based on the Climate Bond Taxonomy.

4 Relates to the fully-consolidated perimeter, excluding the plants in Chiplun (India) and Sohar (Oman).

5 Relates to the fully-consolidated perimeter, excluding the plants in Chiplun (India) and Sohar (Oman).

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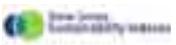
7 The figure will be confirmed in the next three months.

8 The Engagement Index considers results greater than or equal to 5 - on a scale from 1 (low) to 7 (high) - on two questions in a survey that measures employee engagement; the Leadership Impact Index considers results greater than or equal to 5 - on a scale from 1 (low) to 7 (high) - on five questions in a survey that measures employee engagement.

9 The training hours include both local and Academy training.

10 This data only includes Prysmian employees, excluding external personnel and the fleet of the Prysmian Group.

## PRYSMIAN GROUP IN THE ESG INDEXES

INDEXES	DESCRIPTION	Result	
		SCORE 2019	SCORE 2018
	The <b>DJSI</b> is based on an analysis of Group economic, environmental and social performance.	84/100; Rank: 2 <sup>nd</sup> (included)	79/100; Rank: 4 <sup>th</sup> (not included)
	The <b>CDP</b> is the most recognised NGO in the world for the assessment of transparency in disclosure by companies of climate change information.	B (World)	B (World)
	The <b>Standard Ethics Italian Index</b> is an open-free stock market index with a focus on governance and sustainability	EE+	EE+
	The <b>FTSE4Good Index series</b> are equity indexes launched in 2001 by the FUSE Group to measure the performance of companies that demonstrate strong Environmental, Social and Governance (ESG) practices	3.9/5 E: 4.0/5; S: 4.3/5; G: 3.3/5	3.9/5 E: 3.7/5; S: 4.6/5; G: 3.3/5
	The <b>Stoxx ESG indexes</b> are a new group of indexes. Their ratings are based on specific environmental, social and governance performance indicators in addition to overall sustainability performance.	Included (STOXX Italy 45 ESG-X e STOXX Europe 600 ESG-X)	Not included
	<b>EcoVadis</b> is a platform that allows companies to monitor the sustainability performance of their suppliers through an assessment	73/100 (Gold)	N/A
	Bloomberg collects Environmental, Social and Governance data from corporate public communications. <b>Bloomberg ESG Disclosure Scores</b> evaluates companies on the basis of their disclosure of ESG data, in consideration of the relevant industries.	40.9/100	40.1/100

## MAJOR SUSTAINABILITY EVENTS IN 2019

On 9 January 2019, Prysmian Central America and Caribbean, with headquarters in Costa Rica, was authorised by Procomer (national body responsible for promoting Costa Rica export products and services) to use the "essential COSTA RICA" mark, synonymous with excellence, innovation, sustainability, social progress and guarantee of Costa Rica origin.



The Prysmian Group was recognised as one of the best Italian business in terms of successfully integrating its sustainability objectives within its model of governance, with inclusion in the **Integrated Governance Index** for the first time. The Integrated Governance Index, developed by ETica-News in collaboration with Top Legal, measures the strict integration of environmental, social and governance (ESG) criteria within the strategies of the business.



The Prysmian Group has reached an historic milestone in Brazil in relation to its integration with General Cable. **The new offices were inaugurated in July, on the 90th anniversary of the Group's presence in Brazil.** The Sorocaba plant now has additional production capacity; a new distribution area extending over 23,000 square metres, and an advanced R&D laboratory, giving the facility everything needed to become a centre of excellence for the entire Group.



## ASSOCIATION MEMBERSHIPS

Collaboration is essential for sustainable innovation in the energy and telecom sectors and the Prysmian Group contributes actively to tackling these new challenges.

Leadership of the cables sector is strengthened by the inclusion of the Group in the principal and most strategic global trade associations. In fact, participation in technical round-table discussions means that Prysmian can play a prominent role in the definition of guidelines and in debates with partners and competitors.

Collaboration with other market players in the drafting of technical and regulatory solutions helps to make the entire sector stronger and more innovative, consolidating in this way the leadership of the Prysmian Group.

As a leader in the cables sector, the Prysmian Group must play a proactive role in tackling promptly the new problems that emerge and finding solutions by sharing best practices with the entire sector. Prysmian Group is an active participant within the main industry associations and sector groupings, defining relevant policy guidelines together with partners and competitors. Achievement of the sustainability objectives requires teamwork at sector level. Accordingly, our inclusion in industry groupings that seek to improve the sustainability of the sector is strategic for the Group.

### Europacable

Synonymous with global technological leadership since 1991, Members sign an Industry Charter, expressing their collective commitment to support manufacturing and development objectives and principles founded on ethics, sustainability and high quality standards in the cables industry.

### Friends of Sustainable Grids (FOSG)

Non-profit association promoting a pan-European renewable electricity grid that efficiently offers secure and economically-accessible energy. The association mainly focuses on such topics as efficient governance, a harmonised regulatory approach and energy education.

### Fibre to the Home (FTTH) Council

Founded in 2004, this group with 150 members seeks to accelerate the dissemination of optical fibre connectivity. Its vision foresees a sustainable future made possible by the economic growth deriving from new services that use high-speed FTTH technology.

### Wind Europe

Over 450 members, counting manufacturers, suppliers and academics, have joined forces to promote wind energy throughout the world via research and outreach, seminars and political guidance.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

### DIALOGUE WITH STAKEHOLDERS

The sustainability strategy of the Prysmian Group is founded on continuous dialogue with our stakeholders. The pursuit of corporate goals requires the development of forms of dialogue and ongoing interaction with internal and external stakeholders, in order to understand their needs, interests and expectations, anticipate changes and identify emerging trends, thus enabling the Group to pursue its own sustainable development goals and generate shared and consistent added value in the long run.

In order to identify the various categories of Group stakeholder, documentary analyses of the overall context and benchmarking against peers and competitors have been supplemented by interviews with top management within the Group.



Multi-stakeholder engagement initiatives are an integral part of the Group's growth strategy, as well as an effective communications channel.

The purpose of these initiatives is to:

- identify ideas for improvements that lead to product and process innovation;
- improve the management of reputational and other risks;
- inform, engage and build the awareness of stakeholders regarding various aspects of importance to the Group and the society in which it works;
- identify the needs, problems and expectations of stakeholders in order to integrate them into the Group's strategy and develop a relationship based on trust and transparency.

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

In particular with regard to sustainability matters, Prysmian has organised several multi-stakeholder engagement events over the years, in which stakeholders are invited to actively participate and discuss:

- identification of the main impacts (positive and/or negative) of the Group's activities throughout the Prysmian value chain, including additional new actions that the Group may implement to contribute to sustainable development;
- assessment and prioritisation of sustainability issues through a structured survey aimed at bringing the contribution of external stakeholders into the materiality analysis;
- assessment, via an interactive workshop, of stakeholder perception of the Group's initiatives and activities regarding the targets of the Sustainability Development Goals (SDGs).

The multi-stakeholder event organised by the Group in 2019 involved stakeholders from all over Europe. The event, held at the Prysmian headquarters in Milan, was attended by about 70 stakeholders who, in addition to deciding the material issues faced by the Group, discussed risks, opportunities and actions in relation to 4 key topics for Prysmian: environment, ethics and integrity, social responsibility and innovation. At around the same time, the Group also conducted a survey of key external stakeholders (customers, suppliers, universities and research centres, investors and trade unions) in order to reach a larger number and obtain additional feedback.

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

## GROUP MATERIAL TOPICS

In order to identify the latest trends in sustainability, integrate the expectations of stakeholders within the activities of the organisation and define reports that satisfy the requirements of stakeholders and the priorities of the Group, Prysmian launched a process in 2019 to update the materiality analysis in order to identify the most significant sustainability issues for its business.

This update took account of the requirements specified in Decree 254/2016 and the recent acquisition of General Cable.

The matrix update process had two phases:

### 1. Desk analysis

During the desk analysis phase, documentary analysis of internal and external sources identified the **full range of topics to be assessed**. The following sources were considered:

- reports and articles on global trends (e.g. World Economic Forum);
- industry trends/reports;
- sustainability reports/non-financial statements of peers and competitors;
- changes in regulations.

Based on the results of benchmarking, a number of topics were included, renamed, aggregated or eliminated. With respect to the 2018 matrix and the results of benchmarking, the following changes were made in the 2019 materiality analysis:

- anti-corruption, included as part of "Ethics and business integrity";
- product quality, safety and reliability, included in "Customer Centricity" and "Development and Eco-design innovation";
- bio-diversity, not included in the range of topics;

- industrial relations, included in “Respect for human rights and workers’ rights”;
- access to energy, included in “Corporate citizenship”;
- cyber security and data protection, governance and transparency, solutions for sustainable applications and company welfare and employee well-being were included in the range of topics.

The updated list of topics assessed in 2019 is presented below<sup>11</sup>:



## 2. Assessment of topics

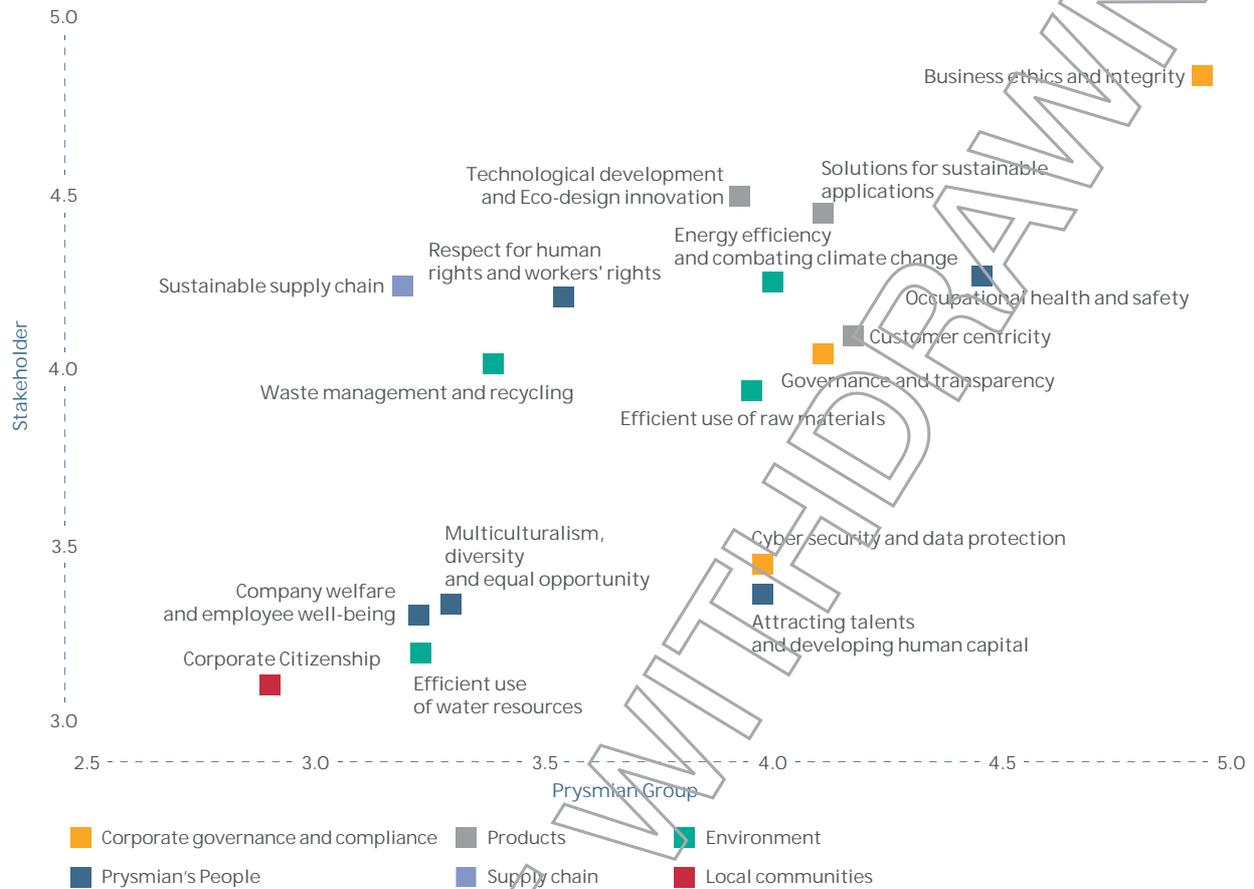
The topics were assessed by both external stakeholders and top management, identifying an order of priority (from 1 to 5) for them within the materiality matrix. The topics were assessed in 2019 during stakeholder engagement activities (event and survey) and internal meetings (Sustainability Steering Committee and survey of top management). The assessment was carried out in the manner recommended in the GRI standards, which call on organisations to focus attention on topics that are important for their business activities and their stakeholders. As a result of this assessment it was possible to update the materiality matrix, providing an aggregated view of the importance of issues both for the Group and its stakeholders, in terms of the actual and potential impact of each on the Group's ability to create value in the long run.

Downstream of this process, the issues have been grouped into a special reconciliation table<sup>12</sup> under the areas identified in the Decree (environmental, human rights, social, anti-corruption, employees and transversal). in order to align reporting with the express requirements of the Decree.

<sup>11</sup> For further information about the description of each topic, see the table included in the "Attachments" to this document.

<sup>12</sup> For further information, see the "Correlation table Decree 254/2016 and GRI aspects" included in the "Attachments" to this document.

**PRYSMIAN 2019 MATERIALITY MATRIX**



The three priority topics identified by both the Group and Prysmian’s stakeholders are:

- **Occupational health and safety:** the Group intends to strengthen the systems for managing occupational health and safety, in order to reduce the number of injuries and occupational diseases and, via suitable training programmes, develop a culture of prevention and management covering these two aspects.
- **Ethics and integrity:** this topic includes the Group’s commitment to a business management model based on the most stringent standards of business ethics and integrity, especially with regard to the measures adopted to prevent both active and passive corruption.
- **Solutions for sustainable applications:** this topic includes the Group’s commitment to develop solutions that may generate sustainability benefits (e.g. solutions for plants that generate renewable energy, smart grids, innovative solutions for the electrical system).

The “Risk management” topic was assessed by the Group’s stakeholders but, although important and relevant to all aspects of sustainability, it was not included in the 2019 matrix; however, “Risk management” is addressed in all the material topics identified by the Group.

The 2019 updated materiality matrix has been validated by the Compensation, Appointments and Sustainability Committee.



# 03

SUSTAINABILITY REPORT

**Leading  
innovation**

DOCUMENT WITHDRAWN

# Sustainable innovation



A total of 900 professionals are dedicated to innovation in 25 R&D centres throughout the world. The R&D head-quarter is based in Milan, next to the HQ of the Prysmian Group.

Prysmian Group is committed to giving customers - mainly telco operators and utilities - the best cabled infrastructure solutions with the best possible performance in the field.

The role of cables - from those for low, medium and high voltage electricity, to those for special applications and communications, and to cables for the transmission and distribution of data and telephony services - is crucial, given that by meeting ever more sophisticated requirements they make possible the transmission of power and data.

The Group focuses on increasing the efficiency and reliability of the transmission and distribution of energy from renewable sources, reducing at the same time the total cost of cabling solutions for our customers.

At the same time, the Group is also committed to the development of technological innovations that lower energy and water consumption and reduce the greenhouse gas emissions of our manufacturing facilities. These projects deliver improved productivity and lower the consumption of materials, thus reducing the environmental impact of products.

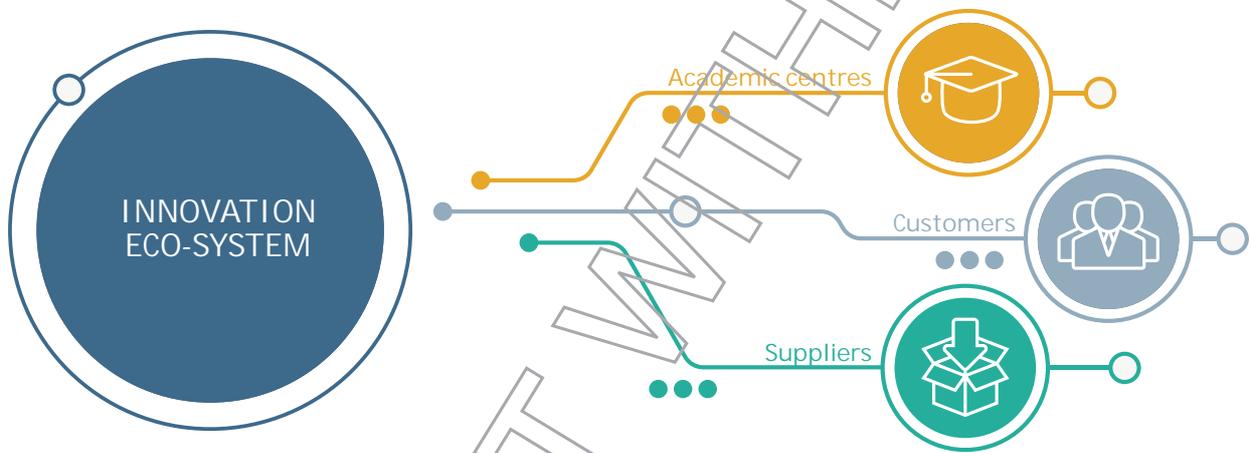
The Design to Cost (DTC) programme represents a tangible initial example of this orientation. Using the best materials, adopting efficient processes and implementing innovative projects, this programme has achieved cost savings totalling more than Euro 45 million, with more than 1,300 projects completed at our manufacturing plants during 2019.

<sup>13</sup> Euro 96 million in operating expenses and Euro 10 million in investment expenditure.

## INNOVATION ECO-SYSTEM

When carrying out research, the Prysmian Group is aware that today - as evidenced by the SDGs - it is essential to develop partnerships with all relevant stakeholders: from the academic world to independent research centres, from suppliers and all supply chain counterparties to our customers, whose collaboration and feedback are extremely important for the identification of those requirements that need the greatest attention.

Accordingly, in order to work on innovation and carry out research, the Prysmian Group has created an eco-system in close contact with customers and suppliers, as well as with the best universities in the world, in order to focus the objectives when releasing synergies and collaborating in the areas of innovation of greatest interest for their environmental impact and the evolution of the sector.



## PARTNERSHIPS

Prysmian and General Cable have established consolidated collaborative relations with more than 50 major universities and research centres around the world. These collaborations, strategic for the Prysmian Group, support cutting-edge technological research and allow the adoption of state-of-the-art innovations in all areas relevant to the wire and cable industry.

Among the numerous collaborations, those with the following bodies are particularly worthy of mention:

<b>Politecnico di Milano (Italy)</b>	<b>Centro de Pesquisa e Desenvolvimento em Telecomunicações (Brazil)</b>
<b>Università degli Studi di Milano, Genova, Salerno, Palermo and Padova (Italy)</b>	<b>Universidade de São Paulo (Brazil)</b>
<b>National Electrical Energy Research &amp; Application Center (USA)</b>	<b>Universitat Politècnica de Catalunya (Spain)</b>
<b>National Science Foundation High Voltage and Temperature IUCRC (USA)</b>	<b>Shanghai TICW (China)</b>
<b>Rice University (USA)</b>	<b>National Chemical Laboratory (India)</b>
<b>Purdue University (USA)</b>	<b>Infosys Advanced Engineering Laboratory (India)</b>
<b>University of Cincinnati (USA)</b>	<b>University of Applied Science Südwestfalen (Germany)</b>
<b>Massachusetts Institute of Technology (USA)</b>	<b>Fraunhofer Institute (Germany)</b>
<b>Georgia Institute of Technology (USA)</b>	<b>University of Lille 1 (France)</b>
<b>University of South Carolina (USA)</b>	<b>Nokia Bell Labs USA and (France)</b>
<b>University of Central Florida (USA)</b>	<b>University of Strasbourg (France)</b>
<b>Electric Power Research Institute (USA)</b>	<b>Technical University of Eindhoven (Holland)</b>
<b>Oak Ridge National Laboratory (USA)</b>	<b>Nano Carbon Enhanced Materials Consortium (United Kingdom)</b>
<b>University of Quebec at Chicoutimi (Canada)</b>	<b>Norner (Norway)</b>

The specific research carried out in 2019 includes:

- together with Rice University, the Company is striving to create an inter-sector consortium called CarbonHub and a think tank for obtaining clean energy from the hydrogen and advanced carbon materials that are co-produced efficiently and sustainably from natural gas and petroleum;
- together with the Fraunhofer Institute, we have developed optical fibre sensors based on Fibre Bragg Gratings;
- together with Università di Padova, we have perfected new materials that can be extruded for the insulation of fire-resistant cables, as a replacement for mica tapes;
- together with Politecnico di Milano and the University of Lille, we have developed a coating for optical fibres using bio-derived raw materials;
- together within the University of Strasbourg, we have obtained a good understanding of the mechanism for the decomposition of polymers during fires, which will provide a basis for developing a new line of LSOH compounds;
- together with Università di Palermo, we are working on the advanced characterisation and testing of high voltage cables and materials.

## SPEAKING PLATFORMS

In the context of sharing the direction of research and best practices, the Prysmian Group and its managers have attended the most important international conferences held around the world, with a view of illustrating the active role played by the Group in guiding the changes currently under way.

In particular:

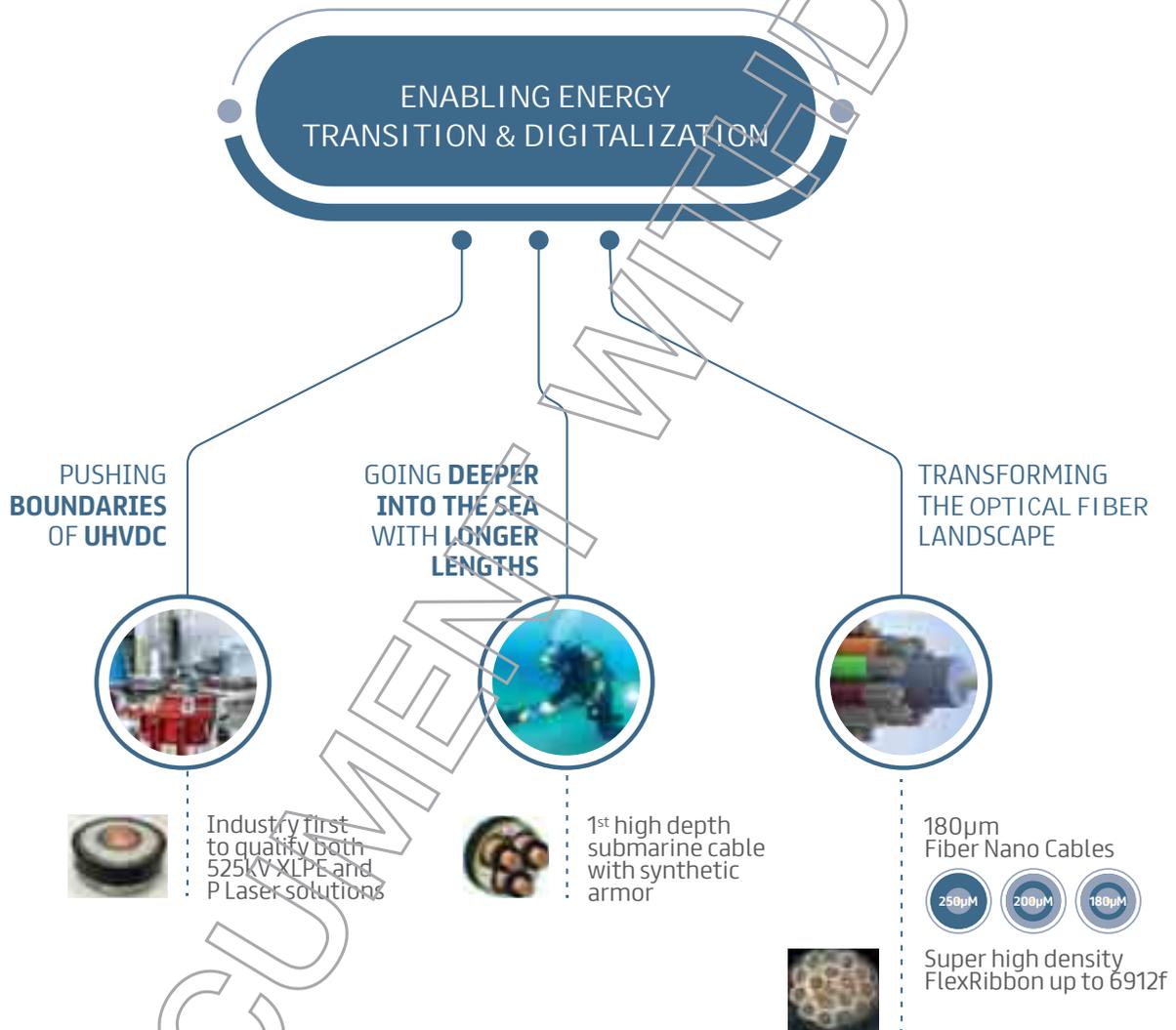
- OFC (Optical Fibre Conference), San Diego March 2019: attended with technical papers on optical fibres;
- FTTH Council Europe Conference, Amsterdam March 2019: speaking slot on telecom connectivity;
- NExsT Forum, New York, April 2019: event organised by Prysmian Group on the evolution of 5G in North America;
- IWCS (International Wire & Cables Symposium), Providence United States, October 2019: attended with technical papers on optical cables;
- CRU World Optical Fibre & Cable conference, Charlotte November 2019: presentation on future digital developments;
- Wind Europe Offshore 2019 (Copenhagen 2019): participation in the panel session on “How to deliver 450 GW by 2050”;
- Wind Europe Conference & Exhibition 2019 (Bilbao 2019): participation at the Thought Leaders Forum, in the context of the session on “Innovation in subsea cables”.

## R&D BY THE PRYSMIAN GROUP: THE FOCUS

### Core areas

The main aspect guiding the strategy of the Prysmian Group is the need to concentrate on factors that facilitate the development of cabled infrastructures for the transportation of electricity and information that, today, are essential elements in all current transformations of society, from the new electric mobility to smart cities, from the expansion of 5G to the use of artificial intelligence to collect and interpret data, and much more.

The ever more advanced search for EHV electricity transmission systems that can be buried, for longer and more efficient cables that can be laid at greater depth, for optical fibre solutions that can contain the largest number of cables in a miniaturised space and that can be used easily in the field, are therefore core areas in which the majority of the investment made by the Group is dedicated.



### ■ **P-LASER SOLUTION. the first technology for fully-recyclable cables with top performance in terms of power and cost reduction**

P-Laser power transmission and distribution cables provide an innovative solution that is more reliable and ecological. These cable systems are designed to provide optimal technical solutions for high power transmissions over long distances with minimal ground occupancy. P-Laser is the first technology for ecological, fully-recyclable high performance cables that use a “zero gas” process to reduce CO<sub>2</sub> emissions up to 30%.

This innovation also has strategic importance in the field of HVDC (high voltage direct current) cables, allowing the maximum level of transmissible power to reach 3.5 GW per dipole, with cost reductions up to 30% per MW transmitted. P-Laser cable is based on the use of a thermo-plastic material patented by the Group, with a simplified production process and lower environmental impact than traditional cables insulated with cross-linked polyethylene. The cables can be produced continuously by a single process and no chemical reactions are required to obtain the highly stable electrical properties needed for HVDC systems, thus shortened production times and, consequently, the consumption of energy and related gas emissions. The application of P-Laser technology to underground and subsea HVDC cable systems is a first in the cables industry.

### ■ **High depth submarine cables with synthetic armor**

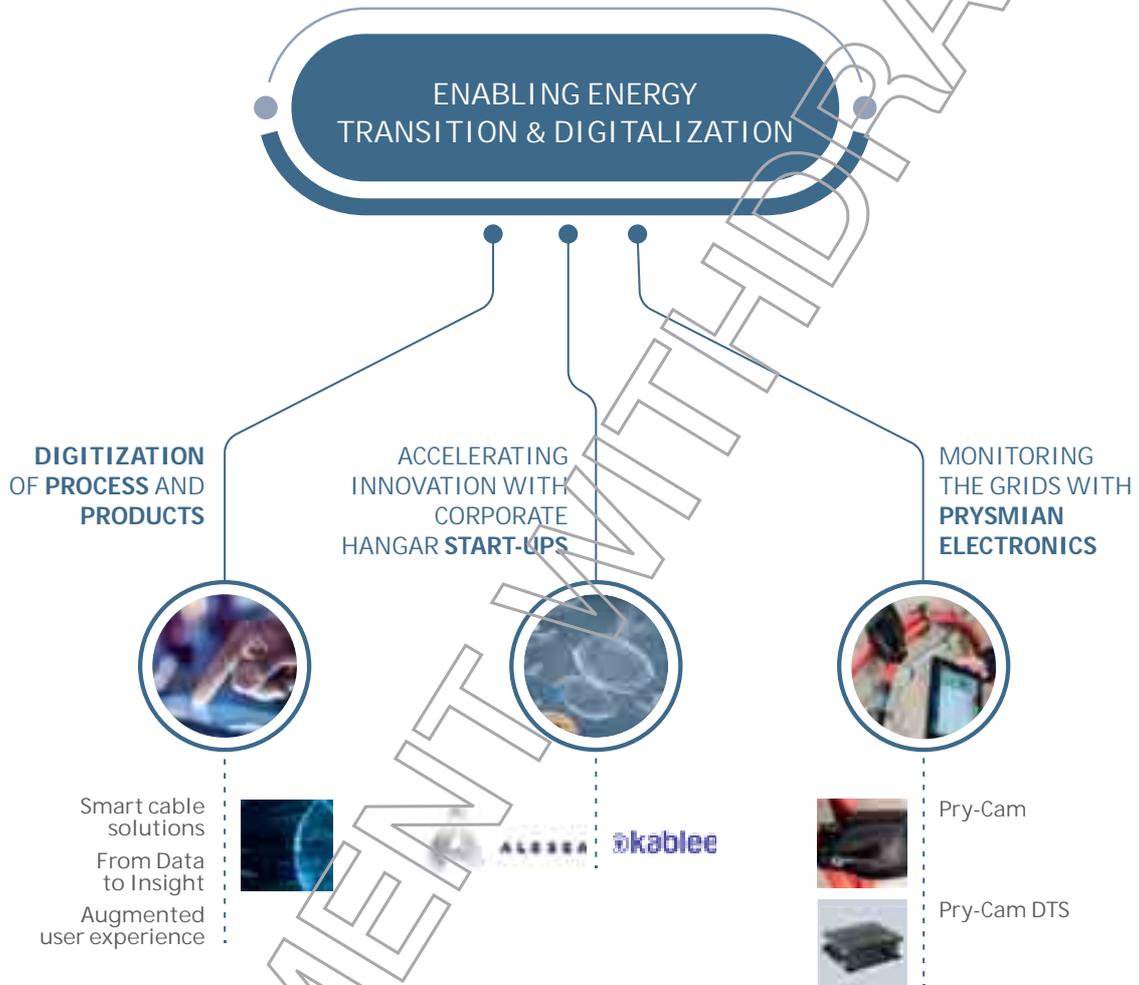
Submarine cables are now one of the most important factors for the energy transition. The production of electricity from renewable sources and the interconnection of grids are two main areas of massive development for subsea energy connections. Prysmian is achieving a new record in this field, with a new cable reinforced by synthetic armor that is about 30% lighter than the equivalent steel solution. The Group is using this new technology for the Cycladic Islands project, which involves the design, supply and installation of two HVAC cables, as well as the related land-based civil works. The system will increase energy transmission between the Cycladic Islands, ensuring solidity, reliability and sustainability.

### ■ **BendBright<sup>XS</sup> 180µm - the first bend insensitive fibre in the world**

Prysmian has introduced a revolutionary innovation for the development of broadband telecommunications: the first bend insensitive fibre in the world, with a diameter of 180 microns that allows cable miniaturisation at a level never achieved before. Optical fibre cables bend insensitive are, in fact, a crucial part of the global transition to flexible and reliable connectivity. The large number of fibres and reduced diameter make installation quicker and cheaper. This innovation confirms the commitment of Prysmian to support the evolution of high density optical networks.

**Another three areas of innovation**

Prysmian Electronics, Corporate Hangar and the new area known as Digital Ambition represent further important areas of innovation. Prysmian Electronics has a vast range of sensors and monitoring systems for checking the grid and sending warning signals to our customers. Corporate Hangar is an accelerator of innovation that seeks to generate two start-ups every year in fields adjacent or complementary to the core business of Prysmian. Lastly, the Digital Ambition area strives to optimise business performance using digital solutions and develop new digital products that add value to the growth of the Group.



■ **Corporate Hangar: infrastructure for open innovation by Prismian Group**

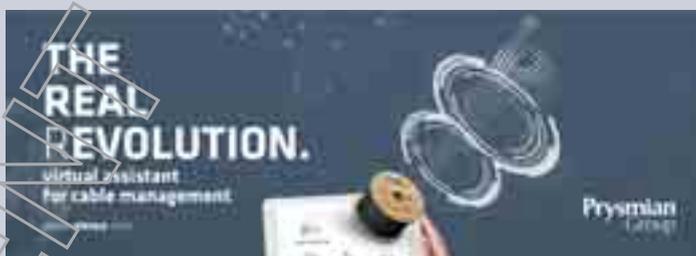
Corporate Hangar is an accelerator that supports the open innovation objectives of the Group, combining business modelling and strategic skills with the technical know-how provided by Prismian Group employees.



After laying the groundwork for growth during 2018, Corporate Hangar and Prismian Group founded the first two start-ups in 2019: Alesea, which provides virtual support for the management of drums and cables, and Kablee, an e-commerce platform for cables, which supports development of the business in new areas. The two initiatives are currently being developed at the Corporate Hangar accelerator, whose innovation pipeline comprises more than 10 additional ideas, including a full suite of services for operators in the field of renewable energy. Together with a network of external partners, Corporate Hangar is carrying out various research projects linked to the production of bioplastics and the creation of materials from the waste generated by industrial processes (e.g. the paper recycling process, the production of tequila) or from other green sources (e.g. bamboo), in order to make new, green and sustainable materials available (e.g. for drums). The end objective is to provide the Prismian Group with alternatives for logistics and packaging that have a lower environmental impact, benefiting from the growth opportunities that derive from the more circular use of resources.

■ **Alesea: intelligent virtual assistant for managing cable drums**

Alesea is an IoT solution that provides virtual support for the management of drums. The system comprises an intelligent device installed on the drums, a cloud infrastructure for filing and processing data, and an intuitive web platform that indicates the location of the drums and the remaining quantity of cable on each. This complete inventory management service helps to reduce the overall cost of cable management, due to the better use of assets, greater operational efficiency, optimised logistics and the minimisation of waste, cable scrap and environmental impact. Since formal establishment in September 2019, more than 1,000 Alesea devices have been involved in pilot projects in Sweden, Finland, the United Kingdom, the Netherlands, Italy and now the United States, with the full commercial roll-out due to begin during the first quarter of 2020.



### INNOVATION CONTEST: 500 ideas from all over the world

Supported by Corporate Hanger, Prysmian Group launched the first global innovation contest in spring 2019. Prysmian Group sales and R&D teams were eligible to participate in the innovation contest. Regardless of their roles in the corporate hierarchy, employees were invited to submit innovative ideas and solutions, relying on their profound knowledge of customer requirements and the Group's production processes.

By involving the global community, the purpose of the contest was to gather, select and develop innovative ideas that could strengthen the activities of the Group.

The contest was structured into 4 categories, each assigned to an internal Innovation Champion: Smart Solutions, Servitization, Sustainability and Out of the Box. The Innovation Contest was a great success, with almost 500 ideas submitted from all geographical areas.

### NEW PRODUCTS INTRODUCTION (NPI)

The introduction of new products is tracked using an NPI vitality tool that measures the revenues generated from new products introduced in the last 3 years as a proportion of total revenues from all Group products. The main purpose of this tool is to increase awareness of the growing importance of innovation as a success factor and of the development of new products as a driver for improving the performance of the organisation. The merger with General Cable in 2018 consolidated our ability to create innovation in support of the R&D area and to develop new solutions that satisfy the greatest expectations of our customers, creating value for the Group.

The overall results of the Group were analysed in 2019 (without distinguishing between Prysmian and General Cable), identifying that the integration with General Cable has enhanced the focus on efficiency and technological innovation, with a strong contribution from the 866 new product families active in the third quarter of 2019, of which 51 were designed by General Cable North America.

The Group's new products generated Euro 800 million through Q3 2019, compared to Euro 496 million through Q3 2018. The NPI vitality increased from 10.1% in Q3 2018 to 12.3% in Q3 2019 – led by North America and the Telecom area.

The merger of PG and GCC has created a world leader in the supply of cables and systems for energy and telecommunications, with the following statistics:

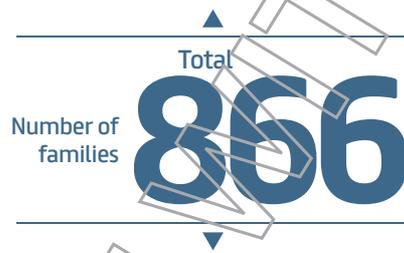
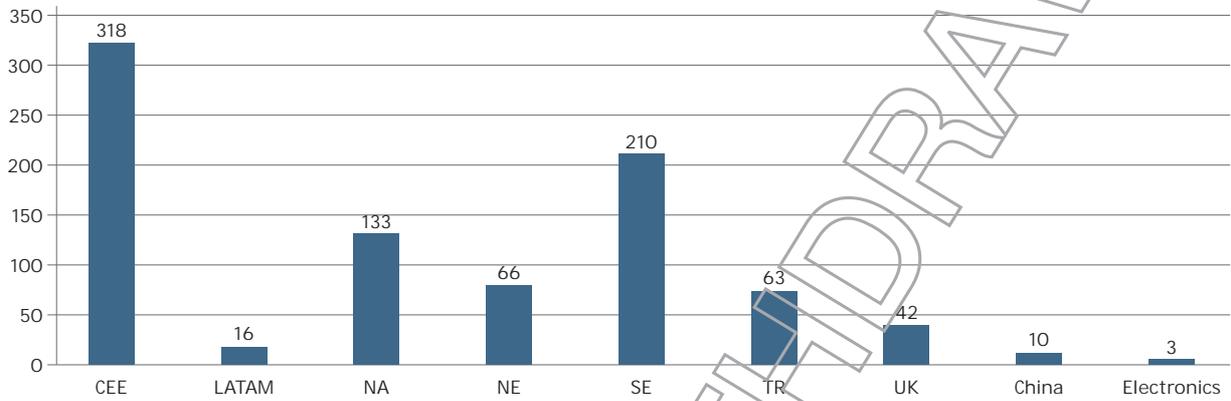
over  
**80** { new products  
in the innovation  
category

over  
**500** { new products  
in the product  
development  
category

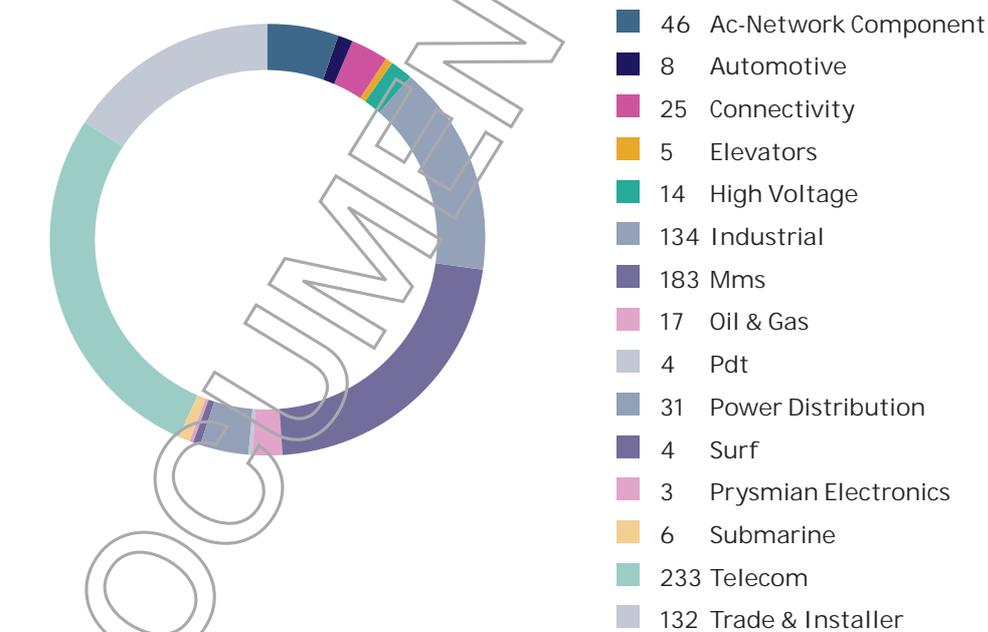
The huge increase in the innovation category was due to the integration of General Cable NA (in innovation terms, sales of Euro 67 million), with overall growth of 2.0% (+1.4% with respect to Q3 2018).

The good results of the product development category were principally attributable to the Trade & Installers BU (49% of the entire category), up from 7.7% in Q3 2018 to 8.4% in the same quarter of 2019.

**OVERALL NP RESULT - 2019 ACTIVE NEW PRODUCT FAMILIES BY REGION**



**OVERALL NP RESULT - 2019 ACTIVE NEW PRODUCT FAMILIES BY BUSINESS UNIT**



## INNOVATIVE MATERIALS

Prysmian Group invests in advanced research to push the boundaries of innovation in the context of materials and surface science for the production of cables and accessories. The main results achieved during 2019 include:

- development of lead-free insulating compounds for SPEED line HV accessories; materials already tested on model cables in the laboratory, with moulding planned at the Livorno plant;
- complete industrialisation of a new sheathing material for the Oil & Gas sector, which will reduce costs due to an improved resistance to oils with respect to the original compound;
- new PVC formulations with improved flame-resistant properties, enabling the Giovinazzo plant to produce smaller and more competitive cables;
- development of a new LSOH compound for the sheathing of low voltage cables, able to significantly improve the speed of extrusion without affecting cable performance;
- development of a new class of compounds without halogens but with flame retardant properties, intended to be lighter with improved performance; in-depth analysis of the combustion mechanism, to better understand the phenomenon and produce compounds whose performance reflects those concepts;
- development of a new method for measuring the conductivity of gases produced by the combustion of mica glass tapes and compounds for fire-resistant cables consistent with the type of materials used in this application. This will be used scrupulously to understand the reliability of measurements and their applicability in predicting the quality of a material;
- in the field of low-weight submarine reinforcements, collaboration continues with a producer of ultra-high molecular weight polyethylene (UHMWPE) fibres, while the industrialisation of aramid fibre reinforcements has been completed;
- research into a new formulation for the coating of optical fibres using ecologically sustainable raw materials has been completed. The performance of the primary coating is good, while that of the secondary coating still needs improvement;
- completion of the assessment of polyamids, with the introduction of a new class and the start of evaluation work on a new type of polymer with an improved environmental impact, to replace PA for the sheathing of optical cables and electric cables;
- evaluation of nanocarbon structures, such as carbon nanotubes (CNTs) and graphene, to replace metal as lightweight high performance conductors.

## RATIONALISATION AND MANAGEMENT OF MATERIALS

Work on the approval of alternative materials, especially those of major technical or commercial importance, is continuing throughout the Group to reduce the use of single suppliers. The new version for the preparation of supply specifications (PrySpec) is currently being introduced in all countries where the Group operates. In addition, the compounds database (CompoundDS) has been supplemented by including all compounds normally purchased by the Group. A new formulations database has been created to manage more effectively the use and distribution of compounds at Group level.

## MONITORING OF HAZARDOUS SUBSTANCES

Development work is progressing in France on a system for the monitoring of hazardous substances, with a view to report their presence (classified in accordance with the REACH/RoHS regulations) in all products managed using CA/SAP, and warning about any concentration of hazardous substances that exceeds the maximum allowed threshold. The system is based on a special routine developed in SAP that makes possible to carry out a detailed analysis of the materials (BOM) comprising the product and identify any hazardous substances. This analysis is made possible by applying a specific flag to the raw materials used to produce cables, in a given country, which contains an hazardous substance. Obviously enough, the first task is to gather the necessary information from suppliers about the possible presence of hazardous substances in their raw materials. This information can be obtained from the material safety data sheets (MSDS) or from a specific declaration released by the supplier.

The system is already in use in France and can provide this type of information, on demand, for a specific product or a limited series of products. If the concentration of hazardous materials exceeds the maximum allowed threshold, a specific declaration is prepared for the end customer.

The system is now being extended to other countries in southern Europe (Italy and Spain) and to Germany. These countries are currently collecting information from the suppliers of raw materials, with a view to activating the SAP system in early 2020. This new SAP system may also be applied in other regions/countries during 2020.

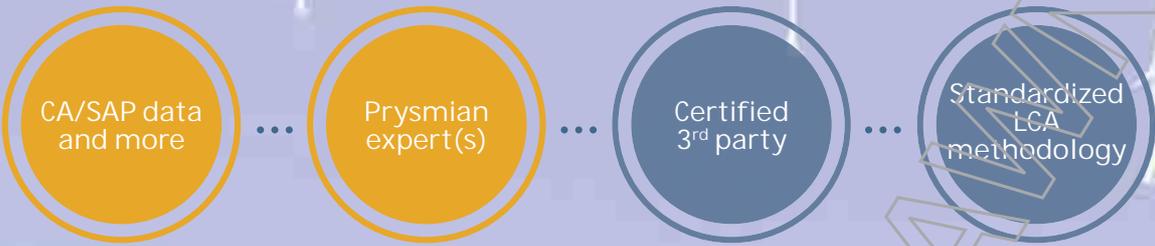
## CARBON FOOTPRINT (CFP)

The new functionality added to the cable design system – the Common Analisi platform - makes possible to calculate the environmental parameters of each product and is applicable in full within the pre-existing Prysmian Group perimeter. There are two outcomes: carbon footprint and recycling potential. The CFP is expressed in kgs of CO<sub>2</sub> associated with the standard length (1 km) of the cable and includes the impact of the materials and processes. The recycling potential of the raw materials used to produce the cable is calculated, considering the portion recoverable at the end-of-life and the portion that will have to be treated as waste or incinerated. The new functionality, proprietary to Prysmian, is currently being extended to the General Cable area, where the “Common Analisi” and SAP1 Client platforms are being implemented. This includes, in particular, the Iberian peninsula, Brazil (operational from July 2019), France and Chile (scheduled for year end). For the remaining areas, especially GCC NA, the new functionality will be included in Cable Builder, the software that (by 2022) will become the cable design tool for the entire Company.

The CFP data for materials obtained from the new version of the Ecoinvent database (Ecoinvent 3.3) was input to the “Common Analisi” platform in January 2019, replacing the CFP data obtained from the previous version (Ecoinvent 3.2).

Based on the CA calculations, environmental certification has been obtained for a series of cables produced for a global operator of power grids (DSO), which is currently adding the environmental impact of cables to its supplier classification criteria. This process has been tackled in Italy, Spain and the LATAM countries, in particular. Specifically, in Argentina, Brazil, Chile and Colombia, ISO 14067:2018 certification of the carbon footprint of low and medium voltage cables has been awarded by third-party agencies (SGS and INCOTEC).

The above represents a fundamental initial step towards general regulation of the environmental impact and sustainability of commodities, which can only be implemented in full when the entire value chain achieves a significantly greater level of awareness.



From an incidental – though repetitive – semi-structured process using same data to an embedded business process



From various customer formats and supplier self declarations to harmonized, standardized (and possibly digitalized) output



**CUSTOMER REQUIREMENT AND REGULATION**

From nice-to-have to mandatory and regulated; and possibly a first mover competitive advantage

## PROJECTS

### Submarine cables

Work on the three-core high voltage cables with aluminium conductors and transition connectors for cables with copper conductors was largely completed during 2019, with execution of the official type trials, additional internal testing to optimise the production processes at the plant, and the pre-qualification ageing tests. The bi-metallic connectors (aluminium and copper conductors joined together) allow effective optimisation of the entire link by only using the more expensive conductors close to the shore and in the landfall section, while also optimising the choice of conductor for the rest of the subsea link, thus improving the sustainability of the connection.

In addition, a specific programme has commenced for the development of an upgraded class of high voltage a.c. (HVAC) cables for use in offshore wind farm installations. This programme is due to be completed within three years, with the objective of manufacturing cable systems that allow electricity transmission at a lower total cost (production, installation and operation), thus minimising the cost per MW transmitted per unit of length.

The development programme will focus on activities designed to increase the operational voltage, increase the size of the conductor and study other technical functionalities, such as the use of materials with low heat resistance, thinner lead sheathing or lead-free solutions, transition conductors and asymmetric and bi-metallic Millikens.

In the context of this programme, the pre-qualification tests up to 400 kV commenced in 2019. The first full-scale three-core 275 kV prototype is under construction and will be completed in early 2020. The steady increase in power production by offshore wind farms and their increasing distance from the shore require efficient solutions for transporting the energy to shore effectively, thus facilitating the growth of electricity generated from renewable sources.

With regard to impregnated paper technology, a solution has been developed and produced for a particularly large conductor that operates at 600 kV. Initial tests were positive and the qualification programme up to 60°C has been defined and will be executed during 2020. The electrical performance of the prototype using MI PPL technology (polypropylene laminate and impregnated paper), manufactured in 2018, has been evaluated carefully after undergoing severe bending tests, while the full programme to assess performance up to 800 kV is scheduled for 2020.

The innovative, lighter three-core cable with synthetic armor manufactured in 2019 has been installed successfully in an initial project in very deep water, confirming that these solutions can further facilitate the optimisation of power distribution grids, thus allowing the better use of renewable energy and reducing the reliance on fossil fuels.

Development projects using extrusion technology up to 600 kV DC continued according to plan during the year, with the use of XLPE and P-Laser as insulation materials.

Attention during 2019 focused on the development of a complete system (cable, flexible connectors, dual terminations and sockets) with large conductor operating at 400 kV. In particular, development of the connector was studied, applying two different underlying technologies. The lengthy ageing test process during the pre-qualification phase commenced in 2019 and the full qualification programme will be completed in 2020.

Cables for submarine applications must be protected from water and humidity, currently requiring the use of watertight lead sheaths: lead shield solutions with reduced thickness that reduce losses (thus improving system efficiency) were developed further during 2019, with a positive impact on the environment. New solutions were also found for re-inserting the lead sheath in the connectors, where the reduction in thickness is a crucial factor.

The path towards a totally lead-free solution in the cable submarine market is proceeding rapidly, with other development activities related to lead-less technology involving the adoption of a longitudinally welded copper sheath. A number of prototypes were made in 2019 in order to optimise the configuration of the cable, even for very challenging applications, and improve reliability in the production of long lengths.

Efforts and studies to integrate sensors in the cable effectively continued during 2019. The project seeks to integrate within the cable a smart diagnostic system able to prevent issues during operation of the system, allowing preventive maintenance and minimising the repair time, while also detecting the fault position rapidly in order to reduce system repair and down time.

## Terrestrial cables

In developing extra high voltage cables systems, a fundamental objective was achieved on successful completion at CESI Laboratories (Mannheim) of the pre-qualification tests for 525 kV HVDC applications for the corridors project in Germany. Two cabled systems, the related accessories and the various installation solutions have been qualified: XLPE and P-Laser, both HVDC, with operational temperatures of 70° and 90°C respectively. Following this significant result, Prysmian is the only cable manufacturer qualified with two different solutions that comply in full with the high standards set by the German transmission system operators (TSO).

In order to advance the industrialisation of these extra high voltage (EHVDC) cables, Gron plant has completed the pilot production of 10 km of 525 kV cable at full size with a section area of 3,000 mm<sup>2</sup> (copper conductor). With regard to the P-Laser technology for HVDC application, a long series of improvements have been made to, for example, storage of the materials, extreme cleanliness during handling and the dosage and extrusion processes. Gron plant has also introduced new devices for the industrial production of solutions that apply this technology. As part of developing the EHVDC systems, Livorno plant has completed the production of full-scale prototypes of the new generation of accessories (up to 640 kV), with a dedicated industrial line.

Two development solutions are applied in order to satisfy the need to increase the energy transported. The first is to develop EHVAC systems: the first series of tests on the laboratory prototype was completed during 2019 and the results will be used in 2020 to continue the development phase, with a view to producing full-scale prototypes in 2021. The second solution is to develop copper and aluminium conductors with large sections, with lower losses due to the skin and proximity effects. Copper conductors with section areas up to 3,000 and 3,500 mm<sup>2</sup> have been tested; industrial production is now feasible, with improvements in the loss reduction due to the skin effect. An efficient alternative would be the use of aluminium conductors with very large section areas of up to 4,000-4,500 mm<sup>2</sup>. Additionally, in certain specific cases, some TSOs actually prefer larger aluminium conductors instead of traditional cables with copper conductors, since they weigh less and the investment cost is lower. There are in fact numerous, well-known arguments that support the use of aluminium conductors: possible reduction in the weight of XLPE cables; lower investment cost (excellent price/metre ratio, greater cable length) and reduced installation costs (lower cabling times, easier handling). The reduction of conductor losses (decreased skin effect) affects the total cost of ownership and, sometimes, an aluminium configuration is preferable to copper, considering the types of losses that are reduced. In this area, Prysmian is currently developing cabled systems with conductors with section areas up to 4,500 mm<sup>2</sup>.

The traditional transmission circuits still in service, with piped cables insulated in high pressure fluid (HPFF), are becoming obsolete. Some of these systems leak dielectric fluid into the environment and are difficult to repair. Given the overcrowded roads, it is also impossible to replace the existing pipes with traditional cable conduits (let alone larger pipes). This situation is becoming more critical in large US cities, making it necessary to start a programme to remove existing cabled systems and replace them with extruded cables at different voltages: 138, 220 and 345 kV. Work to develop a suitable system for the retrofit of the existing infrastructure of conduits for 138 kV cables has commenced, with the production of prototype cables and accessories, and the qualification programme is also in progress. Additionally, the simple retrofit of XLPE cables using the existing conduits will not supply a voltage level equivalent to that of the existing HPFF cables. The thermal environment created due to the greater thickness of the XLPE insulations and the air surrounding the cables reducing the flow of power. Further studies are being considered, with a view to obtaining structures that are more compact with respect to those currently in use for the traditional XLPE cables.

A programme for the development of lead-free technologies has been launched for the production of metallic sheathing for submarine and terrestrial cables. With regard to the terrestrial cabled systems, the longitudinal welding of copper is the most innovative solution that allows direct water cooling of the XLPE cables retrofitted in steel pipes, reducing the size of the cables and ensuring a watertight configuration. Another version of this technology has also been developed for lifeline fire-resistant cables, now industrialised for most voltage levels and conductor section areas.

## ENERGY

### T&I (Trade and Installers)

The T&I market continues to enjoy the positive influence of the CPR regulation, with an extension of the range of products to which the higher Euroclasses are applied. In particular, the Netherlands has adopted a higher level for the fume emissions of PVC cables, striving for greater safety in residential buildings. This new regulation, which will come into force at the start of 2020, has required intensive development work to upgrade to the next class the fume emissions of the low voltage cables normally used in this market. Significant changes have been made to the cable design and materials, and the new portfolio is now ready for sale. Notably, the sales of B2ca products (the highest category for the reaction to fire) in the Netherlands have tripled with respect to 2018 (data for the first half of the year). The German market (not yet oriented towards clear application of the CPR at national level) is moving towards higher Euroclasses, especially for cables with low fume emissions and without halogens (LSOH), with category Cca (or higher) performance in terms of their reaction to fire. The United Kingdom is working on a proposed high-end Euroclass for LSOH products. In Sweden, the sales of products with Euroclass Dca have increased considerably with respect to the prior year.

In addition to the CPR, a number of initiatives have been launched to promote the use of bio-materials. In the Netherlands, the use of green alternatives is under development for the existing families of VD and VULT cables, packaging included, to which the principles of Lifecycle Design Strategy (LiDS) are being applied, given the circular economy orientation of the Dutch T&I market. In particular, technical consideration is being given to the use of s-XLPE (XLPE cross-linked with silanes) insulation, with expanded skin and bio-colours, for buildings, in order to replace the standard insulation using fully coloured s-XLPE; the use of polypropylene (PP) insulation with coloured skin for construction cables, in order to replace the standard insulation using fully coloured s-XLPE, and the use of biological plasticizers for PVC compounds.

Work has been completed in Mexico on reducing the environmental impact of packaging: total elimination of real wood and a 25% reduction in the plywood content of drums for LAN data cables, and a 21% reduction in the use of wood for drums holding aluminium conductors reinforced with steel (ACSR) for overhead lines. With regard to medium voltage cables, the use of wood for the drums has been reduced due to optimisation of the configuration, and the lagging has been reduced between 30 and 50%.

### Power distribution and overhead lines

With regard to power distribution cables, the P-Laser concept has been taken to the next level with a new version required by the main Italian distribution network operators (DSO). A new version with insulating shield that can be stripped while cold has been qualified and included in the new tender for power distribution cables in Italy. Additionally, another leading DSO at European level is involved in a new pilot test of P-Laser cables. Prysmian has aligned the new thermoplastic insulation for medium voltage cables with the European HD 620 regulation, paving the way for the adoption of P-Laser in cables in other EU countries.

Introduction of the new, lead-free flexible elastomeric insulation for medium voltage cables is progressing rapidly in North America, with an excellent market reception. Given the upgraded electrical properties, exceptional resistance to corona discharges and improved flexibility, customers are choosing the new type of insulation for the majority of their applications and are also considering its use in rural areas. Many of the applications are relevant to the E&I market, renewable energy projects and utilities for the distribution of energy.

The optimisation of "MV Wind Farm Designs CL Advantage" is an important innovation, with reduced diameter and lower environmental impact. The optimised configuration concept has been launched onto the market using copper wire for the concentric protection conductor and a cross-linked sheath, thus making it possible to reduce both cable diameter and the environmental impact of the entire family of medium voltage cables. Total deliveries have exceeded 10,000 tonnes. The concept of this configuration will be extended and applied to other customers, with new contracts expected for 2020.

The E3X technology for aerial conductors (which increases transmissible energy by about 25%) is achieving success in North America, where it has been extended to more than 20 utilities that are Prysmian customers. This concept is applied with positive results to high temperature overhead lines (aluminium conductors with composite sheathing - ACCC), where the need to reduce route loss and voltage drop when the grid is heavily loaded is of fundamental importance to the utilities.

An innovative solution has been devised in Latin America for the configuration of overhead lines (OHL) in steel-reinforced aluminium (ACSR) coated with additional insulation. This solution reduces the environmental impact of low voltage overhead lines, reducing the need to plant trees along the route of the lines and, at the same time, increasing service reliability.

We are also using recycled materials for the PE sheathing of power distribution cables in Germany. The 30% use of recycled materials (supplied by an external source) for the external covering has been approved, but the objective is to raise this to 50% or more

## Oil & Gas

The Group has leveraged its broad technical know-how and considerable experience in the field to extend proprietary solutions such as Drylam to Oman Cables Ind., as an alternative to the use of lead sheathing for instrument cables, power cables and the low voltage hybrid cables employed in onshore applications in the O&G sector.

The optimisation of the range of products for offshore applications has been extended successfully to ASEAN countries, in order to serve local markets better and meet their needs.

This range of products has also benefited from the addition of improved functionality in explosive environments.

## OEMs

Consistently with IEC 62930, a recent international standard, a new range of global products has been developed and launched for cables used in the photovoltaic sector. For each continent (North America, LATAM, EU, China and ASEAN), specific sources have also been identified for production of the cables in order to optimise further the environmental impact of the entire production and distribution process.

Large-scale photovoltaic systems mainly use three configurations of LVDC electrical cable. Copper interconnection cables are used to link a series of photovoltaic panels or modules and are brought together at a branch point.

Larger section aluminium cables convey d.c. power from these points to the inverter and the transformer, which generate a.c. power for the connection to the grid. Prysmian is a leader in terms of the fundamental performance and cost requirements for cables used in modules and interconnections and for low voltage cables. Current development activity is focused on production efficiency and optimisation of the design of materials so that the sector can contain the Balance of System (BOS) costs, while maintaining or even improving performance. This process will make it possible to reduce energy consumption and the use of chemical raw materials. In collaboration with CANENA (Council for the Harmonisation of Electrotechnical Standardisation of the Nations of the Americas), Prysmian also supports an initiative to harmonise US, Mexican and Canadian standards in order to promote efficiency by simplifying design and performance requirements and identify best practices.

While the conductors used for the interconnection of panels are generally subject to local standards, the regional certification of the cables used in modules is giving way to designs that have been harmonised at a global level. This trend allows the larger OEMs to standardise their global procedures in terms of production flexibility, logistics and cost positioning, and has also resulted in changes to the configuration of conductors and materials as part of the alignment with such standards as UL 4703 and IEC 62930. Globalisation has also generated an increase in market competitiveness and promoted initiatives designed to use more efficient and sustainable interconnection technologies.

Wind turbines: various new ranges of cables and sets of cables with higher voltages, up to 66 kV, in order to enable customers to increase the quantity of energy generated and improve the energy efficiency of wind power systems.

Rolling stock: ranges of products developed and certified in order to satisfy the most stringent fire-resistance and safety requirements defined by the European and American regulations, thus enhancing the safety of the applications concerned.

Railways: alignment with European regulations and laws and with their definition of the fire-reaction requirements (CPR) for railway tunnels, achieving the objective - as a member of Europacable - of meeting the highest safety standards prescribed by law for European railway tunnels. The Group has developed and certified a completely new portfolio that implements the new requirements, at both global and local/national levels.

Technical activity to support the development of applications for electric vehicles (EV) has continued, with the production and approval of a complete range of cables for the a.c. charging systems used in the European market.

In the context of technologies for the mobility of the future, Prysmian Group has donated the motor cable to the testing centre for the Hyperloop project established in Delft (Netherlands) by Hardt, a business leader active in the development of a network of Hyperloop links in Europe.

Hardt has obtained positive results in terms of propulsion and exchange on a Hyperloop vehicle powered by Prysmian cables, marking a significant milestone in the creation of a high-speed transport system that is ten times more energy efficient than aeroplanes and three times more than trains.

### Automotive

During 2019, the automotive sector focused even more on implementing various cabled solutions for the transmission of data that will be applied in connected driver-less cars. Prysmian Automotive has worked on developing several important solutions relating to data transmission cables. Two UTP cables have been designed, paying particular attention to the thickness of the special insulation and the reduced size of the copper alloy conductor, in order to support the stability of data transfer in applications using a faster CAN FD BUS.

For 100 Mb Ethernet applications, a third UTP cable has been perfected that is sheathed in a special insulating material and has a miniaturised copper conductor.

In addition to the trend towards connected driver-less cars, the automotive sector dedicates special attention to the progress made in the development of electric mobility, having regard for environmental protection, the increasing shortage of fossil fuels and achievement of the ambition objectives for the reduction of CO<sub>2</sub> emissions set by the EU. Electric vehicles can make a significant contribution to environmental protection and the avoidance of emissions. In 2019 Prysmian Automotive launched a special single-core cable for temperatures of up to 150°C for use in managing the batteries of electric vehicles. Various projects have commenced to address proposed cable designs for high voltage batteries, shielded or not, in response to growing requirements for the temperature stability and flexibility of cables.

### Elevators

The elevator sector is characterised by increasing interest in big data and predictive maintenance; accordingly, the launch of mobile cables compliant with standard UL 62 and the Cat5e requirements has attracted great interest from OEMs and the leading mid-size, independent producers active in the U.S. market. Subsequent to this launch, work commenced in 2019 on optimisation of the existing signal pairs, which will be completed during 2020. We expect a reduction in the use of plastic compounds by making recourse to alternative materials and the down-sizing allowed by performance improvements.

### Prysmian Electronics

In 2019 PE focused on the development of two important products. The first, "Pry-Cam DTS", is an optical device for permanent installation that measures the temperature of the cable along its length and/or internally using DTS (Distributed Temperature Sensing) technology. This device was designed specifically to work over distances of up to 30 km, with a spatial resolution of 1 m and a temperature precision (with a measuring time of 5 minutes) of less than 2°C. The second, "Pry-Cam Home", is a system for monitoring low voltage applications based on Pry-Cam technology, which uses a device to measure the main parameters of a low voltage domestic electrical installation. The device has been designed to help electricians make the necessary checks during the acceptance testing of new electrical installations, or when carrying out maintenance or periodic checks. This can be defined as a "prosumer" device, as it can be used by both professional electricians and end consumers, with different functionalities depending on the skills of the user, but with the same purpose: check the proper functioning of the electrical installation and, therefore, its safety.

## Network Components (Accessories)

The strategic roadmap for extra high voltage components (>220 kV) is focused on the reliability of the cabled systems. The main work on these components was related to:

- Robust design
- Processes and technologies
- Alternative source of EPR compounds
- Installation method

Special attention was paid to the design of the 300 kV EPR connectors, whose geometry was optimised in order to improve reliability when positioning connectors during field installations. The robust design of the EPR joint was studied with reference to the design concept used for the higher class 500 kV and the electric stress has been reduced by about 17%. Alternative sources of EPR compounds have also been studied and the preliminary prototypes made in November 2019 has given promising results.

With regard to the subsea business, type tests were positive with regard to the design of a new repair connector in the form of a rigid elastomeric ring for application at great depths (1,400 m). Although visual inspection work is still in progress, it is fair to say that Evia GESM has successfully passed the water penetration test.

Qualification for the type test of the 66 kV cables for the Borsele project has been completed successfully, including with regard to the new “universal” asymmetric SPEED line connector. Visual inspection is in progress.

After several technical challenges, we have qualified the transition connector for HPFF-XLPE 138 kV AC cables in accordance with the Con Ed specification, which opens up opportunities for the “Specialties” business in North America.

All electrical trials carried out on 66 kV cabled systems, including the Coldfit terminals assembled using Slip-on technology, were completed successfully at the Shanghai laboratory at the end of November 2019.

## TELECOM

### Optical cables

Prysmian continued to expand the range of FlexRibbon cables during 2019. Following the launch of cables with 1,728, 3,456 and 6,912 optical fibres in 2018, the focus in 2019 was on the development of cables with a lower density of fibres. This resulted in the launch of cables with 288, 432 and 864 fibres for areas external to the installations. Additionally, the development of riser cables with 864 and 1,728 fibres for internal applications was completed and qualification was obtained for both versions. The development of ribbon cables with breakout expansion boards that allow the ribbon to be separated into individual fibres was also completed. Prysmian continues to invest in the FlexRibbon technology, so much so that the first European line was installed in the United Kingdom during 2019. This will lead to the perfection of new types of FlexRibbon cable during 2020, including the loose tube and Flextube versions. During 2019, Prysmian also developed a new range of blown micro cables with Pico tubes. This new technology reduces the size of loose tubes, for example the diameter of the 12 fibre tube has decreased from 1.3 mm to 1.0 mm at present. As a result, a new range of cables has been developed with between 96 and 552 fibres and world-record density of up to 10.5 fibres/mm<sup>2</sup>, allowing the installation of a larger number of fibres in existing conduits and the use of smaller tubes in new installations, while also reducing installation costs and the use of raw materials, for the benefit of customers in terms of the total cost of ownership and environmental impact. These recent improvements to our products confirm the commitment of Prysmian Group to invest in its cable and optical fibre capabilities, in order to respond to evolving market needs and support our customers.

## Connectivity

Prysmian has continued to expand the range of connectivity products for fibre-based broadband networks. Activities in 2019 focused on the last-mile products used to make the final connection to the customer. These products, positioned in the access node or the point closest to the customer's home, allow rapid connection using drop cables pre-fitted with connectors. Both solutions can be used with drop cables pre-fitted with connectors or standard SC connectors, offering a significant advantage over the products usually used for this type of network, which employ reinforced connectors that are generally proprietary in nature and onerous. Two main sets of products have been developed. The first is the PryConnect system, being a series of boxes pre-fitted with connectors for 4, 8 or 12 drop cables. This is a generic product, developed for the general connectivity market, that enables cables pre-fitted with connectors to be attached to the box easily, without any need to open it. The second is the PBO system pre-fitted with connectors for up to 6 drop cables, which has been designed specifically for the general French market, where the box is usually opened to install a mid-span solution of flexible fibre tubes.

## Optical fibre

Prysmian has continued to invest in the development of optical fibre products. In order to satisfy the growing need for fibres that can be bent at will for use in FTTx systems, all types of Prysmian fibre were rendered insensitive to bending during 2019. The entire portfolio of products is now compliant with standards G657A1 and G657A2, while alignment with standard G652D is in progress. This generation of fibres can be compacted more within optical cables, allowing the production of smaller cables with a greater fibre density. The tendency to request a larger number of fibres in the same space continues, especially in Europe. Alongside these product development activities, a cost containment programme has been implemented in view of the current difficult conditions in the telecommunications market.

## OPGW & Specials

In the OPGW & Specials BU, the Technology of stainless steel with aluminium coating has been consolidated up to 96 fibres while the monotube aluminium extruded Technology has been further reinforced. Various projects have been developed using these technologies, such as the OPGW supply contract with ENDESA (Spain) and ESKOM (South Africa). The Specials family of products with high mechanical and chemical strength for applications such as sensing, OGP and sub-aqua has been further developed. Various projects have been carried out using these technologies, including an undersea project in the United States and a fibre network at the Amur refinery (Russia).

## Multimedia Solutions (MMS)

For many years, Prysmian has offered cables for the pulse generators used in particle accelerators, such as CERN in Switzerland. These cables connect the pulse generators with the so-called "Kicker" magnets used to deflect a beam of particles during the various phases of acceleration or experimentation or, recently, in the Beam Dump system. Commencing from the configuration developed for the CERN LHC production of a new special cable for pulse generators for the FAIR project commenced successfully in 2019 at the GSI facility in Germany. Drawing on the new knowledge acquired with this project, development work has commenced on a new series of cables for pulse generators with high and accurately controlled frequency parameters, up to several dozen MHz, that are designed to operate at several dozen KV. This small scale, but technologically challenging project contributes to a number of larger experiments of scientific importance, further strengthening the solid and broad technological base that enables Prysmian to develop special cables.

## Data transmission cables

Prysmian continued to expand the GenSPEED® 10 category 6A cable during 2019. The new process technologies introduced have significantly improved performance in the case of paradiaphonia (NeXT- Near-end Crosstalk). This has made it possible to reduce scrap significantly and increase productivity. Prysmian also introduced a new version of the cable for riser applications during the final quarter of 2019. In addition to this, the cable is now available with Reellex packaging that offers customers lower installation costs. Development work is being carried out on the new generation of the cable, which will have an even smaller diameter. This generation will become available in 2020 with less bulky packaging, thus lowering transportation costs and facilitating installation due to the lower weight and narrower diameter of the cables.



# Protection of intellectual property

Protecting the portfolio of patents and trademarks is a key part of the Group's business, particularly in relation to its strategy of growth in high-tech market segments. The Group filed new patent applications during the year, especially in segments with higher added value and in support of the significant investments made in recent years. At 31 December 2019, the Prismian Group has a larger number of patents and patent applications under examination globally than in the prior year. This is because more patents were filed than those that expired or were abandoned because no longer of interest.

The number of inventions covered by at least one patent or patent application has increased slightly. The rise was greater in the Energy sector, with a slight decline in the Telecom sector. This statistic reflects a good increase in the number of inventions in the Energy sector, which offset the number of patents that expired or were abandoned. There was a slight fall in the number of inventions covered by at least one patent or patent application in the Telecom sector, which has historically owned a larger number of inventions than the Energy sector, because the portfolio of Telecom patents comprises a considerable number of old patents that resulted from the earlier rush to patent optical fibre technologies.

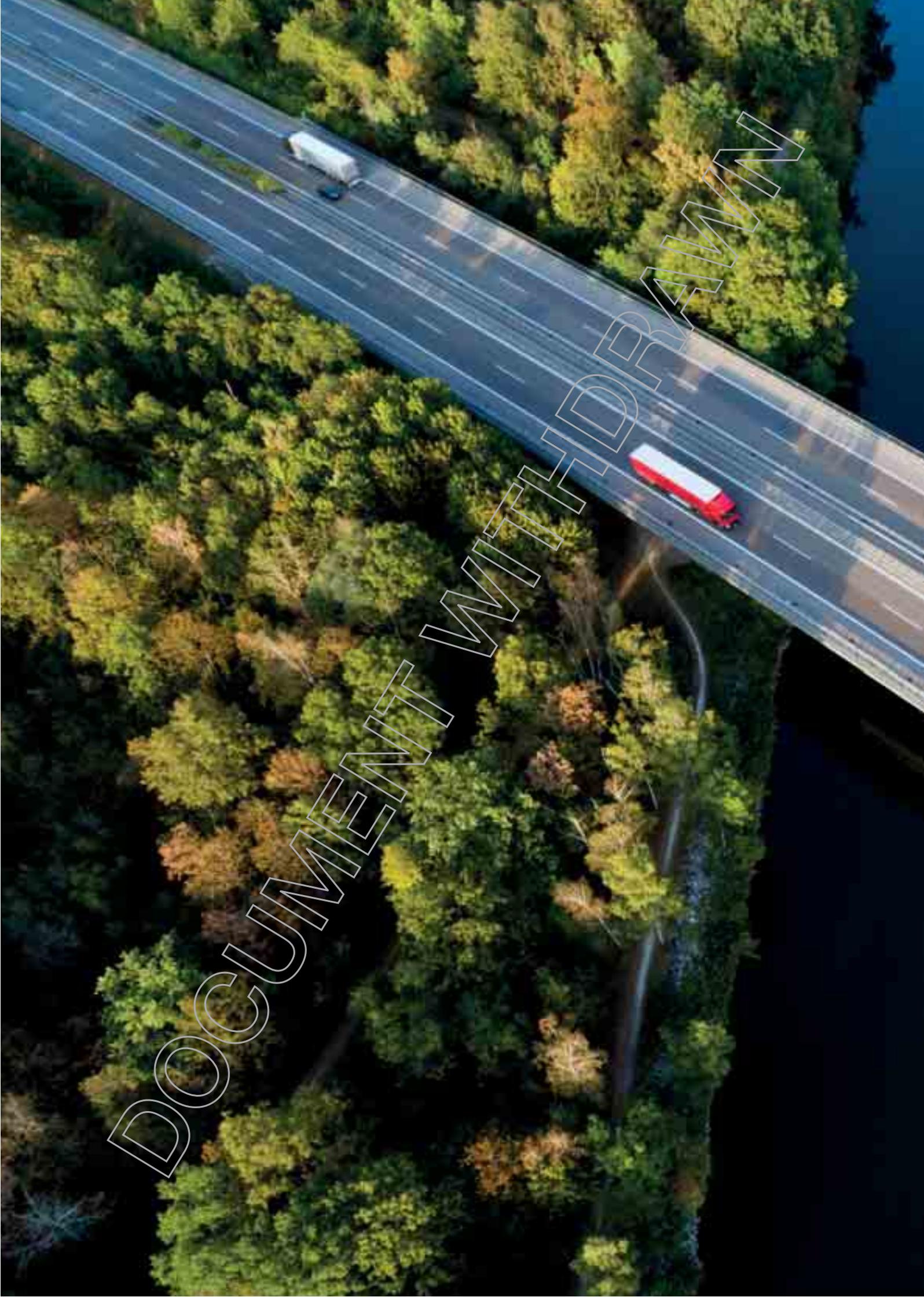
A total of 41 patent applications were filed during 2019, of which 17 relating to the Energy sector and 24 to the Telecom sector. The reduction in the number of new filings is a natural effect of the merger of Prismian Group and General Cable. This decline was also noted in the past, when Prismian absorbed Draka.

The number of patents granted during the year was essentially the same as in the prior year, with an increase in those granted by the US patents office. In view of the different examination procedures followed in the various countries/regions and their timing, no significant conclusions can be drawn from the above information.

Prismian Group owns a significant number of trademarks deriving from the pre-existing Prismian Group and the pre-existing General Cable group. This portfolio is currently being revised and optimised, in line with the brand protection policies adopted by the Prismian Group following the merger.

As a consequence, the total number of trademarks and registrations fell in 2019. The trademarks of the Prismian Group protect the main brands and the most important products, typically involving specific characteristics or production processes that enable them to be identified in the marketplace and guarantee their uniqueness.

IP HIGHLIGHTS	2019	2018
Patents and patent applications filed	5,881	5,627
Inventions covered by patents and patent applications filed	857	854
Inventions linked to the Energy Products and Projects segment	317	294
Inventions linked to the Telecom segment	540	560
Patent applications filed during the year	41	61
Patent applications in the Energy Products and Projects segment	17	29
Patent applications in the Telecom segment	24	27
Patents granted during the year	217	200
Patents granted by the European Patent Office (EPO)	45	54
Patents granted in the USA	49	31
Number of trademarks owned	927	1,105
Number of registrations	4,769	5,167



DOCUMENT WITHDRAWN

04

SUSTAINABILITY REPORT

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# Prysmian and the financial markets

## SHARE OWNERSHIP

Prysmian Group has been a public company in all respects for many years: its free float is equal to 100% of capital, of which around 70% is held by institutional investors.

The listing of Prysmian's ordinary shares, resulting from the sale of 46% of the shares held by the Goldman Sachs Group Inc., took place on 3 May 2007 at a price of Euro 15.0 per share, corresponding to a capitalisation of Euro 2.7 billion. Subsequent to the listing, the Goldman Sachs Group Inc. gradually reduced its interest in the company, control of which it had acquired in July 2005, by placing the remaining 54% of the shares with institutional and selected investors in several successive stages: i) approx. 22% in November 2007, ii) approx. 14% in November 2009, iii) approx. 17% in March 2010. Valerio Battista, Prysmian's Chief Executive Officer, announced on occasion of the last sale that he had purchased 1,500,000 shares, corresponding to around 0.8% of share capital and taking his total shareholding to 1.2%, which he has raised to approximately 1.5% during the course of subsequent years.

At 31 December 2019, the Company's free float was equal to 100% of the outstanding shares and significant shareholdings (in excess of 3%) accounted for approximately 23% of total share capital, meaning there were no majority or controlling interests. Prysmian is now one of Italy's few globally present industrial concerns to have achieved true Public Company status in recent years.

As at 31 December 2019, the share capital of Prysmian S.p.A. amounted to Euro 26,814,424.60, comprising 268,144,246 ordinary shares with a nominal value of Euro 0.1 each. The ownership structure at that date is indicated below.

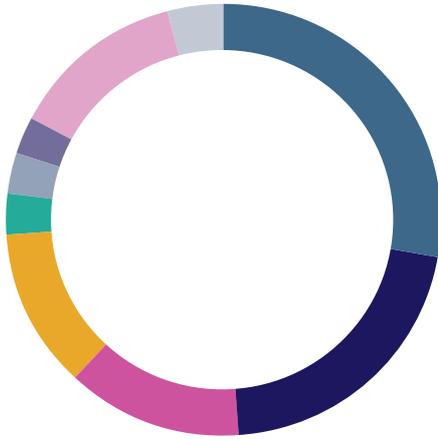
### SHARE OWNERSHIP BY TYPE AND MAJOR SHAREHOLDERS



\*Mainly comprises shares held by non-institutional investors and by third-party holders of shares for trading purposes.

Source: Nasdaq Inc., December 2019.

**INSTITUTIONAL INVESTORS BY GEOGRAPHICAL AREA**



- 28% US
- 21% UK
- 13% Italy
- 12% France
- 3% Norway
- 3% Germany
- 3% Switzerland
- 13% Rest of Europe
- 4% Rest of the World

**INSTITUTIONAL INVESTORS BY INVESTMENT STYLE**



- 36% Growth
- 17% GARP
- 17% Value
- 16% Index
- 2% Hedge Fund
- 12% Others

Source: Nasdaq Inc., December 2019.

The geographical ownership structure shows a predominant presence of the United States, with 28% of capital held by institutional investors, followed by the United Kingdom with 21%, both essentially unchanged with respect to the prior year. Italy is represented with about 13% of capital held by institutional investors, down since 2018, while France has increased slightly to 12%. The proportion of Asian investors (principally Japan and Hong Kong) was basically unchanged.

Overall, around 70% of the share capital held by institutional investors is represented by investment funds with Value, Growth or GARP strategies, therefore focused on a medium to long-term investment horizon. The weighting of shareholders adopting an Index investment strategy, based on the main stock indices, is stable with respect to 2018, while the weighting of the Hedge Fund component - with a shorter time horizon - has decreased to 2% of the total.

## ANNUAL GENERAL MEETING

**Over 61% of share capital was represented at the Annual General Meeting, with more than 1,530 shareholders present in person or by proxy.**

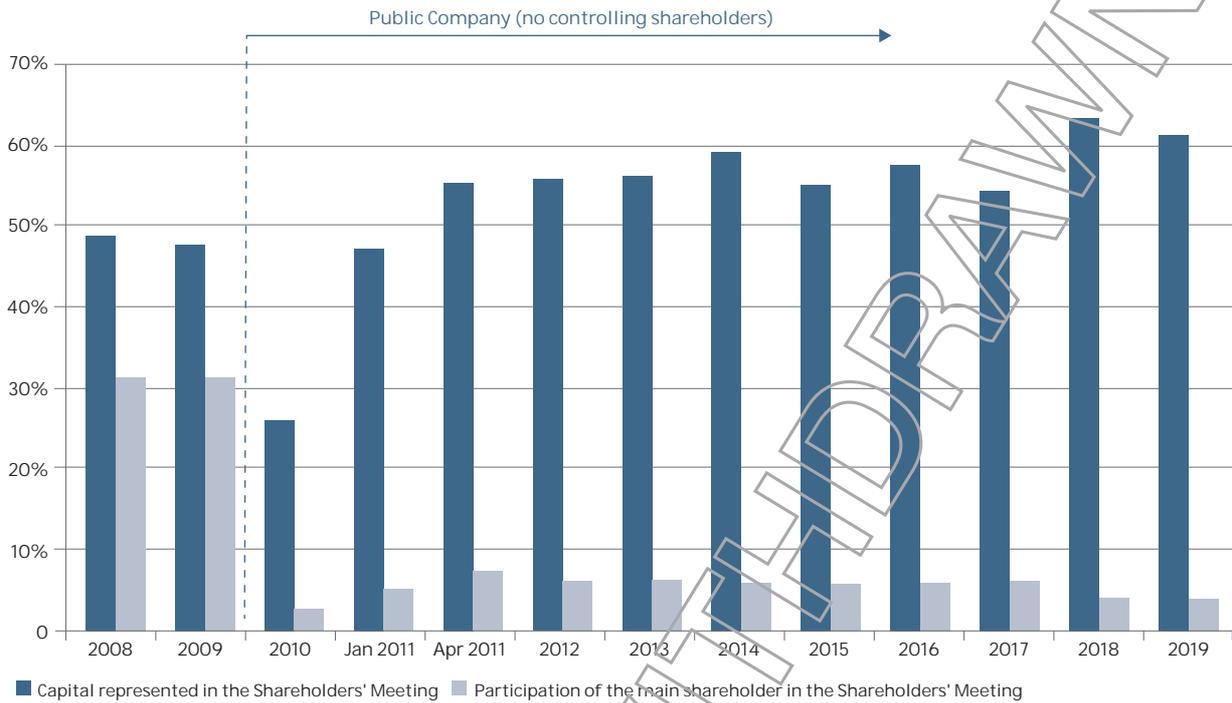
On 5 June 2019 the Shareholders' Meeting of Prysmian S.p.A., held in first and only calling, discussed and resolved on several items on the agenda, including approval of the 2018 financial statements, allocation of the profits for the year and the distribution of dividends, the appointment of a director, appointment of the Board of Statutory Auditors and its Chairman for the period 2019-2021, determination of the remuneration of the members of the Board of Statutory Auditors, authorisation to purchase and dispose of treasury shares and consultation on remuneration policies. The Meeting, which was attended by over 1,530 shareholders, in person or by proxy, representing more than 61% of share capital, approved every item on the agenda by large majorities.

The Annual General Meeting also approved the declaration of a dividend of Euro 0.43 per share, in line with the amount distributed in the previous year. The dividend was paid on 26 June 2019, involving a total pay-out of approximately Euro 113 million.

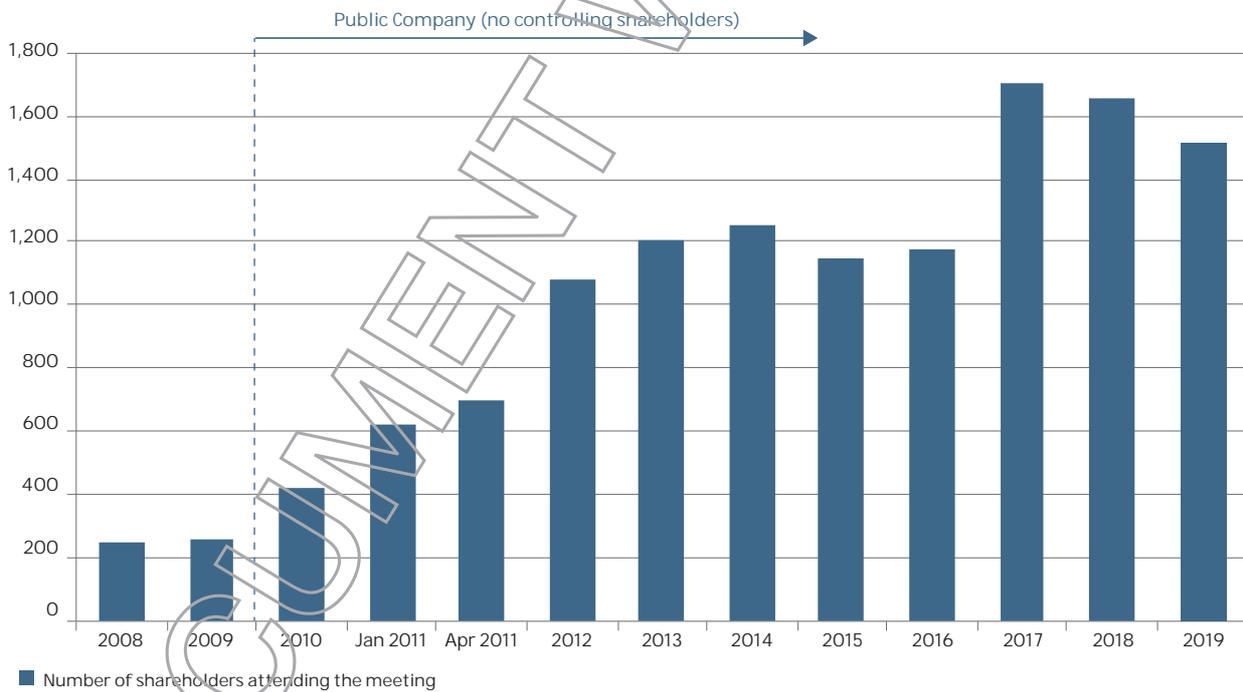
### FINANCIAL CALENDAR

5 March 2020	Approval of the draft financial statements and consolidated financial statements as of 31 December 2019
28 April 2020	Shareholders' Meeting to approve the Annual Report as of 31 December 2019
12 May 2020	Approval of the quarterly financial report as of 31 March 2020
30 July 2020	Approval of the half-year financial report as of 30 June 2020
29 October 2020	Approval of the quarterly financial report as of 30 September 2020

**SHAREHOLDERS' MEETING: REPRESENTED CAPITAL**



**ASSEMBLEA AZIONISTI: SHAREHOLDERS' MEETING: NUMBER OF PARTICIPANTS PRESENT OR REPRESENTED**



## INVESTOR RELATIONS

**Transparency in communication, growth in market confidence in the company and promotion of a long-term investment approach to its stock.**

Creating value for shareholders, and other stakeholders, is a key priority for Prysmian, whose policy of strategic and financial communication is directed towards the highest standards of accuracy, clarity and transparency. Actions and procedures are designed to provide the market with credible information about the business, with a view to boosting confidence in the company and facilitating a long-term approach to investment in our shares. Every effort is made to avoid biased disclosures and ensure that all current and potential investors receive the same information, so that balanced investment decisions can be made.

Upon publishing its quarterly data, Prysmian organises conference calls with institutional investors and financial analysts and also invites specialist media representatives to take part. In addition, the Company promptly informs existing and potential shareholders about any action or decision that could have a material impact on their investment.

Relations with the financial market were intense during 2019, with more than 500 meetings with institutional investors at the Company's offices, whether in the form of conference calls or one-on-one or group sessions. Prysmian also undertook numerous road shows in the main financial centres of Europe, North America and Asia, and took part in conferences organised by major international brokers. In addition, the increasing attention paid to the activities of the Group by socially responsible investors (SRI) was confirmed by their growing attendance at the road shows and meetings held for them. Lastly, during the year, the Group organised several visits to plants and R&D centres for institutional investors and financial analysts, in order to give them a deeper understanding of its products and production processes.

The coverage of Prysmian shares by analysts remains very high, with wide geographical diversification. There are 19 independent analysts who regularly cover the Prysmian stock: Banca Akros, Banca Profilo, Banca IMI, Barclays Capital, BofA Merrill Lynch, Citi, Credit Suisse, Equita, Exane BNP Paribas, Fidentiis, Goldman Sachs, Hammer Partners, HSBC, Intermonte, JP Morgan, Kepler Cheuvreux, Mediobanca, Morgan Stanley, Société Générale.

The Investor Relations function has maintained constant contacts with institutional investors, not least via the website [www.prysmiangroup.com](http://www.prysmiangroup.com), which includes the recordings of conference calls and presentations to the financial community, corporate documentation, press releases and all other information relating to the Group, in both Italian and English. The Investor Relations section also includes the financial calendar, documents relating to shareholders' meetings, the Code of Ethics, the contact details of analysts who cover the stock as well as specific sections about Corporate Governance, Risk Factors and Share Performance.



**Prysmian**  
**Group**

DOCUMENT WITHDRAWN

05

SUSTAINABILITY REPORT

**Governance and  
Risk management**

DOCUMENT WITHDRAWN

# Group risk management system

## INTEGRATED MANAGEMENT OF SUSTAINABILITY RISKS

The Prysmian Group adopts a system of internal control and risk management based on tools and information flows that enable the Board of Directors to take strategic decisions and establish guidelines for the system in an informed manner, considering the context in which the Group operates and the related financial, environmental and social risks.

From 2012, by adopting the provisions introduced by the “Code of Corporate Governance for companies listed on the Italian Stock Exchange” in the field of risk management, Prysmian can make use of an “**Enterprise Risk Management**” (ERM) model, which allows the Board to make an aware assessment of the risk scenarios that could compromise the achievement of strategic objectives and adopt additional tools to anticipate, mitigate and manage significant exposures.

The ERM model adopted, formalised in the Group ERM Policy that incorporates the guidelines for the System of Internal Control and Risk Management approved, in turn, by the Board of Directors back in 2014, follows a top-down approach, i.e. based on direction from senior management and the medium/long-term strategies and objectives of the business. This extends to all types of risk/opportunity that are potentially significant for the Group. These are shown in five families that each include internal and external issues characteristic of Prysmian’s business model (so-called Group Risk Model): **Strategic Risks, Financial Risks, Operational Risks, Legal and Compliance Risks, and Planning and Reporting Risks.**

The **Group’s Chief Risk Officer** (CRO), appointed to govern the ERM process, is responsible for ensuring together with management that the main risks faced by Prysmian and its subsidiaries are identified, assessed and monitored on a timely basis. In addition, an Internal Risk Management Committee comprising senior managers ensures, via the CRO, that the ERM process remains dynamic to reflect changes in the business, requirements and events affecting the Group over time. The CRO reports periodically (at least twice each year) to senior management on these changes.

In compliance with the changes to the Code of Corporate Governance published in the July 2015 edition and in line with the constant strengthening of its risk management system, the Group has decided to adopt a broader approach to **Corporate Social Responsibility**<sup>14</sup>, planning to define each area of the Group risk model in a so-called **Sustainability Risk Model** that can guide more precise identification of the economic, environmental and social sustainability risks faced by the Group that could compromise value creation for shareholders/stakeholders over time.

<sup>14</sup> Risk area already covered by the Group Risk Model within the Strategic Risks family. See the Risk Factors and Uncertainties section of the Annual Report.

### The Sustainability Risk Model of the Prysmian Group

STRATEGIC	FINANCIAL	OPERATIONAL
<ul style="list-style-type: none"> <li>• Macroeconomic changes and Geopolitical environment</li> <li>• Industry Trends and competitive environment</li> <li>• Stakeholder expectations (incl. sustainability ratings)</li> <li>• Natural Environment / Human Capital Responsibility</li> <li>• Organizational sustainability (framework &amp; governance)</li> <li>• Sustainability M&amp;A, JVs, business partners</li> <li>• Sustainability Strategies (incl. Management Remuneration) and Business integration</li> <li>• Sustainable R&amp;D</li> <li>• Law &amp; regulation evolution</li> <li>• Country Risk &amp; Ethical Culture</li> </ul>	<ul style="list-style-type: none"> <li>• Economic and Financial Integrity</li> <li>• Capital availability / cost risk</li> <li>• Sustainable Financial counterparties</li> <li>• Commodity risk and natural resource security</li> </ul>	<ul style="list-style-type: none"> <li>• Eco-conscious customers and Green Sales</li> <li>• Green Products and Technologies</li> <li>• Product Lifecycle Footprint</li> <li>• Sustainable Supply Chain</li> <li>• Environmental (water, energy, emissions, waste, etc.)</li> <li>• Labor Practices &amp; Human Resources (incl. Health &amp; Safety)</li> <li>• Outsourcing</li> <li>• Sustainable Information Technology</li> <li>• Contract execution / liabilities</li> </ul>
LEGAL & COMPLIANCE		PLANNING & REPORTING
<ul style="list-style-type: none"> <li>• Sustainability Intellectual Property rights</li> <li>• Compliance to environmental and social laws and regulations</li> <li>• Compliance to Code of Ethics, Environmental and Social Policies &amp; Procedures</li> </ul>		<ul style="list-style-type: none"> <li>• Sustainability Budgeting &amp; Strategic planning</li> <li>• Sustainability Tax Planning &amp; Reporting</li> <li>• Management Reporting</li> <li>• Sustainability (Environmental and Social) Reporting</li> </ul>

As described in the Annual Report in the section on Risk Factors and Uncertainties, to which reference is made, the Group's main business/function managers are involved in the annual process of identifying and evaluating the most significant risk factors. These include economic sustainability, environmental and social issues. A common and clearly defined methodology is used to measure and evaluate specific risk events in terms of their impact, probability of occurrence and the level of adequacy of the control system in place.

In 2019, the above-mentioned process led to the identification of risks – some linked purely to sustainability and others that may have a sustainability impact (and therefore also contained in the Annual Report in the section on “Risk Factors and Uncertainties”) – to which the Group is exposed under its business model. Relevant information, including the key strategies adopted to mitigate the risks, is presented below.

A process for updating the sustainability risk assessment was developed in 2020, with a view to refining the analysis and integrating ESG topics more closely within the ERM process. The results of this approach will be included in the 2020 non-financial statement.

## STRATEGIC RISKS

### Risks related to changes in the legislative environment governing Health, Safety and the Environment

The Group's production activities are subject to national and international laws and regulations governing Health, Safety and the Environment.

Via the HSE Management System, centralised and coordinated by the Corporate HSE team, the Group is able to monitor constantly any changes and/or developments in the HSE requirements, including:

- periodic monitoring of environmental and energy legislation and related changes, at local and Group level;
- periodic monitoring of health and safety legislation and related changes, at local and Group level;
- periodic reporting to the Group bodies involved in the management of risks, in order to discuss any actions that must be taken for compliance with the law (the Sustainability Directive Committee and the Internal Risk Management Committee);
- the analysis of identified risk situations, with the aim of estimating their impact, the probability of occurrence and the adequacy of the internal control system to mitigate the risk;
- the definition of improvement actions that may be necessary to reduce exposure to current risk, and related follow up;
- the evaluation of environmental, health and safety or energy performance, downstream of the introduced improvement actions.

## OPERATIONAL RISKS

### Health and safety risks

With particular reference to health and safety risks, the Group has adopted a centralised management system based on the identification and evaluation of factors deemed critical at various levels, with respect to the Group, country and operating unit.

This approach allows for a complete picture of the risks associated with individual production activities, both at Group level and in each country and operating unit, in order to manage, monitor and, where possible, minimise the health and safety risks. The adoption and application of the approach at production unit level involves identifying all health and safety risks, their assessment in accordance with a specific procedure and in compliance with local legislation, guaranteeing the level of safety established by Prysmian, and their periodic update.

In order to apply the standards defined at Group level, Prysmian uses tools and operating procedures for the collection, evaluation, aggregation and reporting of data at central level, as well as the implementation and verification of corrective and preventive actions; the monitoring of significant events (injuries, near misses, non-conformities and reporting); and training not only for the transfer of technical knowledge, but also to impart understanding of the approach taken and the risks incurred by non-compliance with the H&S rules and procedures.

Lastly, 71% of plants within the Prysmian Group perimeter (including those acquired together with General Cable) have OHSAS 18001 / ISO 45001 (safety management) certification.

## Environmental risks

The Group's manufacturing activities in Italy and abroad are subject to specific environmental regulations. These cover, in particular, the management of raw materials, energy resources and hazardous substances, atmospheric emissions and waste, as well as the prevention of pollution and minimisation of the impact on environmental factors (soil, sub-soil, water resources and the atmosphere).

Furthermore, changes in these regulations tend to impose increasingly stringent requirements on firms, which must therefore incur significant costs associated with the action needed to comply with the various obligations.

Given the large number of Group plants, the probability of an incident with environmental consequences and possible loss of production continuity brings the real possibility of significant economic and reputational impacts. For this reason, Prysmian adopts a series of control procedures that keep risk at an acceptable level. Environmental issues are managed centrally by the Health, Safety & Environment (HSE) function. By coordinating the local HSE functions, this function organises specific training and adopts systems intended to guarantee strict compliance with the regulations in accordance with best practices, in addition to monitoring the exposures to risk using specific indicators and by performing internal and external checks.

Lastly, 83% of plants within the Prysmian Group perimeter (including those acquired together with General Cable) have ISO 14001 (environmental management) certification.

## Risks related to climate change

Growing international focus on the consequences of climate change with predicted far-reaching repercussions on ecosystems, economies, human health and well-being, require companies to assess the potential impact on their businesses that might arise in the medium to long term.

In 2017, taking into account the guidelines of the 2015 COP21 conference in Paris, the Prysmian Risk Management functions and the Group HSE carried out a climate change risk analysis with the aim of evaluating the potential impact on Prysmian business operations (chronic physical risks<sup>15</sup>). In line with the IPCC AR5 Fifth Assessment Report and the related Annex I, the analysis looked at the three main climate change layers:

- increase in sea level (estimated by 2100);
- change in temperatures (estimated in a 2016-2035 projection period);
- change in precipitation in summer and winter (estimated in a projection period 2016-2035).

By using the "CatNet" online platform made available to Prysmian by the Swiss Re insurance company, the Risk Management team and the Group's HSE team jointly analysed the geographical position and altitude of its plants on the global map, in an effort to identify which of them could be exposed to climate change risk factors.

The plants within the new General Cable perimeter were analysed during 2019 and the results did not modify the overall exposure of the Group, as confirmed below.

<sup>15</sup> As defined in "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures – Appendix 1 Table A1" – June 2017".

The results of the analysis show:

- a low overall exposure to the risks deriving from the change in precipitation in summer and winter;
- a low overall exposure to the risks deriving from the increase in temperatures, with the exception of a very few plants in areas with a maximum expected increase in temperatures of +1.5°C;
- an exposure to risks related to a potentially significant rise in sea levels (>0.5 metres), affecting about 10% of the Group's plants positioned close to the sea.

This last point was also confirmed by a further analysis that took into account the risk of coastal flooding (storm surges), estimated using the same methodology and utilising the Swiss RE "CatNet" online platform.

Prysmian has meanwhile developed a methodology to check actual risk exposure by examining the physical data and information for each plant in order to quantify the potential impact on business operations.

### **Risks related to the availability of water**

In order to carry out its business activities, the Group requires the continuous availability of water to cool semi-finished products. This water is recirculated, entirely or partially according to circumstances, to avoid excessive consumption. The unavailability of water could therefore jeopardise the continuity of company processes. In order to better understand and attempt to quantify the potential risk exposure, the Prysmian Risk Management functions and Group HSE performed an analysis of the water risk for its plants in 2017.

The analysis considered water stress (defined as the ratio between water demand and available water) in the year 2030 and the changes in water supply and water demand projected for 2030 with reference to all regions of the earth's surface. Using the "Aqueduct" tool provided by the World Resources Institute (WRI), the Group analysed the geographical positioning of the Group's plants in order to identify which of them could be exposed to water risk and, therefore, to the risk associated with reduced water availability. The results of the analysis show that about 20% of the Group's plants are located in areas extremely exposed to the risk of water stress, estimated by 2030. For all plants in the Prysmian perimeter for which a potential risk has been evidenced, it must also be borne in mind that current production processes involve, for most plants, water recycling aimed at reduced consumption.

During 2019, Prysmian extended the analysis using the "Aqueduct" tool to the former General Cable plants, determining that the percentage of sites located in areas exposed to water stress risk, based on estimates for 2030, is essentially unchanged at about 20%.

### **Risks related to the sustainability of the Group supply chain**

The Group's business model, with a global presence in over 50 countries and a high diversification of product applications, is based on a complex supply chain that requires a continuous interface with numerous suppliers of different sizes and cultural background. In addition to a commitment to the evaluation of counterparties, the Group has adopted guidelines and policies that suppliers are required to comply with and accept (for example, the Code of Ethics and the Code of Business Conduct).

There will be an immediate reaction should it emerge that third parties involved in the supply chain have implemented actions not conforming to the principles of environmental and social sustainability, which would expose the Group to potentially significant image and reputational risks. If the issues flagged are not promptly corrected and eliminated, the Group reserves the right to activate a procedure for the termination of existing business activities and temporary, or in serious cases, definitive exclusion from the Group's supplier list.

The assessment of risks related to the sustainability of third parties is a fundamental step in the entire supply chain management process and defines clear rules for i) the introduction of new suppliers, ii) the periodic evaluation of the supply chain, iii) the monitoring and improvement of the supply chain management strategy.

## Cyber security risks

The increasing spread of technologies that allow the transfer and sharing of sensitive information via virtual spaces leads to the emergence of IT vulnerabilities. In particular, the exposure to potential cyber attacks derives from several factors, such as the global distribution of IT systems and the cloud storage of high value-added information (such as patents, technological innovation projects, as well as financial projections and strategic plans not yet disclosed to the market). The Group IT Security Department, in collaboration with the Risk Management function, periodically carries out specific assessments to identify any vulnerabilities in IT systems at local and central level that could compromise business continuity.

In 2016, Prysmian defined:

- an Information Security Strategy that clarifies the related governance structure adopted by the Group and guidelines for cyber risk management in the field of IT architectures and company processes.
- an Information Security Risk Management (ISRM) Manual that, in line with the Group ERM Policy, defines the methodology and the responsibilities for the identification, assessment and treatment of risks that could compromise the achievement of security objectives and therefore the confidentiality, integrity and availability of Group information. The Threat Model was defined in 2019. As one of the data sources for ISRM, this methodology is used to assess the relevance of events and the cyber threats posed by agents within and external to the Group. The model makes it possible to characterise and prioritise cyber risks based on the actual scale and importance of the threats to which the Group is exposed, drawing on national and international threat intelligence sources, as well as the productive and geographical contexts in which the Group operates.
- a special Information Security Committee, comprising the main players involved in the management of cyber risk<sup>16</sup>. The task of this committee is to define the strategic and operational cyber security objectives, coordinate major initiatives and review and approve policies, procedures and operational instructions. The Committee meets on a regular basis (twice annually) and in the case of crises or remarkable events.

During 2019, social engineering and phishing campaigns were carried out within the entire Prysmian Group (including the former General Cable), aimed at testing the readiness of personnel to recognise these specific types of cyber attack, and various security training sessions were provided to all employees and new hires, including the coverage of specific security initiatives.

With particular reference to the former General Cable perimeter, two technical vulnerability assessments and penetration tests were completed in 2019, as part of the integration programme, one at the US HQ and the other at the most important EMEA plant. The activities envisaged in the integration plan will continue in 2020.

<sup>16</sup> The permanent members of the Information Security Committee are: the Chief Operating Officer, the Vice-President HR & Organisation, the Chief Security Officer, the Chief Information Officer, the Chief Risk Officer, the Internal Audit & Compliance Director and the IT Security Manager of the Group.

## LEGAL AND COMPLIANCE RISKS

### Compliance risks concerning the Code of Ethics, Policies and Procedures

The risk of compliance generically represents the possibility of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of breaches of current regulations. The Prysmian Group puts in place a series of organisational tools aimed at defining the principles of legality, transparency, fairness and loyalty used to operate. In particular, since its inception, the Group has adopted a Code of Ethics containing guidelines and ethical and behavioural principles that all those carrying out activities on behalf of Prysmian or its subsidiaries are required to observe (including managers, officials, employees, agents, representatives, external collaborators, suppliers and consultants). Through the Internal Audit & Compliance Department, the Group constantly monitors compliance and the concrete application of these rules, not tolerating any type of violation.

By constant commitment, careful supervision and periodic awareness building, the Group seeks to minimise the possibility of episodic improper conduct in violation of policies, procedures and the Code of Ethics and, therefore, of current regulations, by those that carry out activities on behalf of Prysmian.

### Risks of non-compliance with Data Protection legislation (Privacy)

In the current context, marked by the increasing globalisation of business, the proliferation of channels and methods of access to information, as well as an increase in the volume and types of data managed, Prysmian is tackling the different data management topics that range from alignment with the latest industry regulations, to defence against potential threats against the confidentiality, completeness, accuracy and availability of information.

In this light, it is essential to adopt an overall vision for the management of sensitive information, not only in terms of regulatory compliance - as described in the Group Annual Report, in the section on Risk Factors and Uncertainties - but also with regard to security problems and our business priorities. Furthermore, the European GDPR (General Data Protection Regulation) entered into force in May 2018 and has become one of the major points of reference for a renewed effort in the area of data protection, with a focus on personal data.

The programme for the protection of personal data adopted by Prysmian is based on the following fundamental elements that involve the entire business structure:

- implementation of a "data centric" model, by mapping the personal data processed by business functions and keeping a register of processing activities;
- definition of a governance model designed to comply with the requirements of the GDPR and other emerging data protection requirements, marked by:
  - an organisational structure that assigns an advisory and monitoring role to the data protection officer (DPO) in the management of personal data, delegating duties and the related responsibilities to the roles that actually process that data;
  - a series of policies and documents that support the model (business policies, information sheets, internal appointments, clauses applicable to suppliers etc.);
- implementation of adequate technical and organisational measures to ensure a level of security appropriate to the risk, partly with the help of new tools such as the data protection impact assessment introduced by the GDPR;
- definition of the communications and training materials specifically reserved for the roles identified with the data protection organisational model, so that all roles involved are aware of the renewed regulatory obligations and take steps to implement all specified requirements;
- update of the video surveillance systems, with particular reference to the new European guidelines and the regulations applicable in Italy.

Application of the model has been accompanied by monitoring and the provision of support to the numerous Prysmian legal entities in Europe, in order to ensure consistent application of the established controls and a corporate culture shared at an international level.

Following the acquisition of General Cable, monitoring and support was provided in order to extend the data protection model defined centrally by Prysmian to the recently-acquired legal entities.

### Risks of non-compliance with anti-bribery legislation

In recent years, the legislative and regulatory context has made significant efforts in the fight against corruption, with a growing tendency to extend responsibility to legal entities as well as to natural persons. As part of the growing internationalisation, organisations increasingly operate in a context exposed to the risk of corruption and have to comply with many regulations on the subject, such as Decree no. 231/2001, the Anti-corruption Law (Law 190/2012), the Foreign Corrupt Practices Act (US), the UK Bribery Act, etc., all of which have the same objective: counteract and suppress corruption.

The business model of the Group requires continuous interaction with numerous third parties (suppliers, intermediaries, agents and customers). In particular, in the Energy (submarine and high voltage) and Oil & Gas businesses, the management of large international projects requires the establishment of commercial relations even in countries with a potential risk of corruption (as per the Corruption Perception Index<sup>17</sup>), often through local and commercial agents and public officials.

The Prysmian Group has therefore implemented a series of actions aimed at managing the issues of corruption on a preventive basis; the first among these is the adoption of an Anti-Bribery Policy that prohibits the corruption of both public officials and private individuals and requires employees to comply with it, as well as observe and comply with all anti-corruption legislation in force in the countries where they are employed or active, if those are more restrictive. Furthermore, specific e-learning activities (training and testing) for all Group personnel are carried out periodically in order to raise awareness about compliance with the regulations concerned. As in the previous year, during 2019 the Prysmian Group carried out the activities specified in the Anti-Bribery Compliance Programme, based on the guidelines laid down in ISO 37001 "Anti-bribery management systems".

On this topic, the Group also implemented the "Third Party Program" during 2019. This new Group policy is intended to prevent and manage the risk of corruption deriving from relations with third parties (such as agents, distributors and certain categories of supplier). In particular, before establishing business relations with any third party, it is necessary to carry out due diligence in relation to that party using a dedicated on-line platform. As a result of the above activity, a level of risk (high, medium, low) is assigned to each third party that, consequently, is subjected to an approval procedure responsive to the identified risks.

Following the acquisition of General Cable in the second half of 2018, the Anti-Bribery Compliance Programme implemented by Prysmian Group was integrated and expanded to include the additional related activities envisaged in the General Cable Compliance Programme. In addition, the compliance policies of Prysmian and General Cable were reviewed, updated and merged in 2019, in order to create documentation valid for the entire Group.

With specific reference to the anti-corruption programme, the relevant policy was revised together with that covering gifts and entertainment expenses. Lastly, a new conflicts of interest policy was issued in 2019, consistent with the constant commitment of the Group to ensuring that the financial and personal interests of employees and consultants do not conflict with their ability to perform their duties with professionalism, ethics and transparency.

The new policy requires all employees and consultants to disclose all potential conflicts of interest, which will then be appropriately analysed and assessed in order to agree any corrective actions needed to mitigate or eliminate the conflict.

<sup>17</sup> The Corruption Perception Index (CPI) is an indicator published annually by Transparency International, used to measure the perception of corruption in the public sector in various countries around the world.

## Risks of non-compliance with Antitrust legislation

Prysmian's strong international presence subjects the Group to current antitrust regulations in Europe and the other countries in which it operates. Each of these laws are more or less demanding in terms of the civil-administrative liability and penalties imposed for breach of applicable laws. Over the past decade, the various local anti-trust authorities have dedicated increasing attention to the business activities of market players and, furthermore, have showed a greater propensity for international collaboration among themselves. Prysmian intends to operate in the marketplace in compliance with the rules in place to protect competition.

Consistent with the priorities defined in the ERM process, the Board of Directors has approved an Antitrust Code of Conduct that all directors, executives and employees of the Group are expected to know and comply with in the performance of their duties and in relations with third parties.

As with the other policies, the Antitrust Code of Conduct was also updated following the acquisition of General Cable, in order to have a document, valid for the entire Prysmian Group, that provides an overview of the problems associated with applying the antitrust regulations and the consequent principles of conduct to be followed. In addition, more detailed documents were also adopted covering the antitrust regulations in force within the European Union and in North America.

The Antitrust Code of Conduct, which is an integral part of this training programme, seeks to describe the issues relating to the application of Italian and EU competition policy with regard to cartels and the abuse of dominant positions. The specific situations arising must be assessed against this framework on a case-by-case basis. This action, stimulating knowledge and making individuals more aware of their professional duties and responsibilities, represents a further step in establishing an "anti-trust culture" within the Group. In this context, further classroom training sessions, mostly for the Group's sales force, were provided in 2019 in collaboration with external tutors and legal advisors, together with e-learning sessions on the intranet to provide support and steadily increase the level of attention and awareness about the subject.

## Risks of non-compliance with the regulations governing environmental matters, energy efficiency and the management of emissions of greenhouse gases

Prysmian carries out its activities in compliance with the national and international requirements and regulations in force in the environmental field, paying particular attention to the risk of failed or non-timely compliance with regulatory changes that may occur within its business context. In particular, any non-compliance with environmental regulations may cause the Group to incur significant penalties, as well as unplanned costs for the implementation of immediate action plans with subsequent impact on operating and business processes.

In this regard, Prysmian has analysed the risk of not complying with any changes in local legislation that implements the "Energy Efficiency Directive" 2012/27/EU (EED) on the efficiency of end-use energy (transition risk in the Policy & Legal and Technology<sup>18</sup> areas). Several actions have been taken to manage this risk, closely linked to the topic of climate change, including the definition of an Energy Audit Plan at the Group's plants to be completed by 2020, also covering sites not yet required by law to perform energy audits, and the development of energy efficiency projects at local and global level.

In coordination with local teams, Group HSE management makes periodic visits to the plants to verify compliance with the rules and standards defined, and organises specific training sessions for all Prysmian staff involved in the management of activities having an environmental impact, in order to raise awareness about conduct compliant with the Group's regulations and ethics.

Specific indicators are also used at central level by the Group's HSE and Risk Management departments to monitor the exposure to environmental risks and promptly implement the actions necessary to reduce risk within the tolerance thresholds.

<sup>18</sup> As defined in "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures – Appendix 1 Table A1" – June 2017".

## Risks related to the social sustainability of the organisational structure and business model

The Prysmian Group faces daily complexities deriving from the management of organisational and business activities carried out by persons with different social and cultural backgrounds. Despite constant commitment, careful supervision and periodic awareness building, with the provision of specific information and training sessions, it is not possible to exclude episodic improper conduct in violation of policies, procedures and the Code of Ethics and, therefore, of current regulations concerning human rights by those that carry out activities on behalf of Prysmian, with consequent possible penalties, significant reputational damage and business impacts.

In order to mitigate this risk, the due diligence on human rights in the operations of the Group was updated during 2019 and extended to include the former General Cable perimeter. The analysis sought to identify the potential and actual impacts on human rights deriving from all Group activities and business relations.

In accordance with the so-called Ruggie Framework, the due diligence process comprises the following stages:

- assessment of current and potential impact on human rights;
- assessment of the results and definition of the necessary actions to prevent and/or mitigate the potential impact identified;
- monitoring of performance;
- resolution of breaches;
- communication of performance.

The Group has also launched an analysis aimed at assessing potential gaps with respect to international human rights principles, Group Human Rights Policy and national legislation in each country in which the Group operates. The ultimate objective of the analysis is to identify the countries most exposed to the risk of violation of human rights.

# Corporate Governance

Effective and efficient, in order to create long-term sustainable value and produce a virtuous circle with business integrity at its core.

Prysmian is aware of the importance of a good corporate governance system in order to achieve strategic objectives and create long-term sustainable value, by having a system that is **effective** in complying with the legal and regulatory framework, **efficient** in terms of cost-effectiveness, and **fair** towards all the Group's stakeholders.

Accordingly, Prysmian Group keeps its corporate governance system constantly in line with latest recommendations and regulations, adhering to national and international best practices.

In addition, the Group has adopted principles, rules and procedures that govern and guide the conduct of activities by all its organisational and operating units, as well as ensuring that all business transactions are carried out in an effective and transparent manner.

Once again in 2019, Prysmian continued to abide by the Corporate Governance Code<sup>19</sup>. Further information about:

- (i) compliance with the principles and recommendations of the Corporate Governance Code and the reasons for any non-compliance with one or more of its provisions and;
- (ii) any corporate governance practices actually applied by the Company going above and beyond statutory or regulatory obligations;

can be found in the "Report on Corporate Governance and Ownership Structure", approved by the Board of Directors and available in the Investor Relations/Corporate Governance section of the company website at [www.prysmiangroup.com](http://www.prysmiangroup.com).

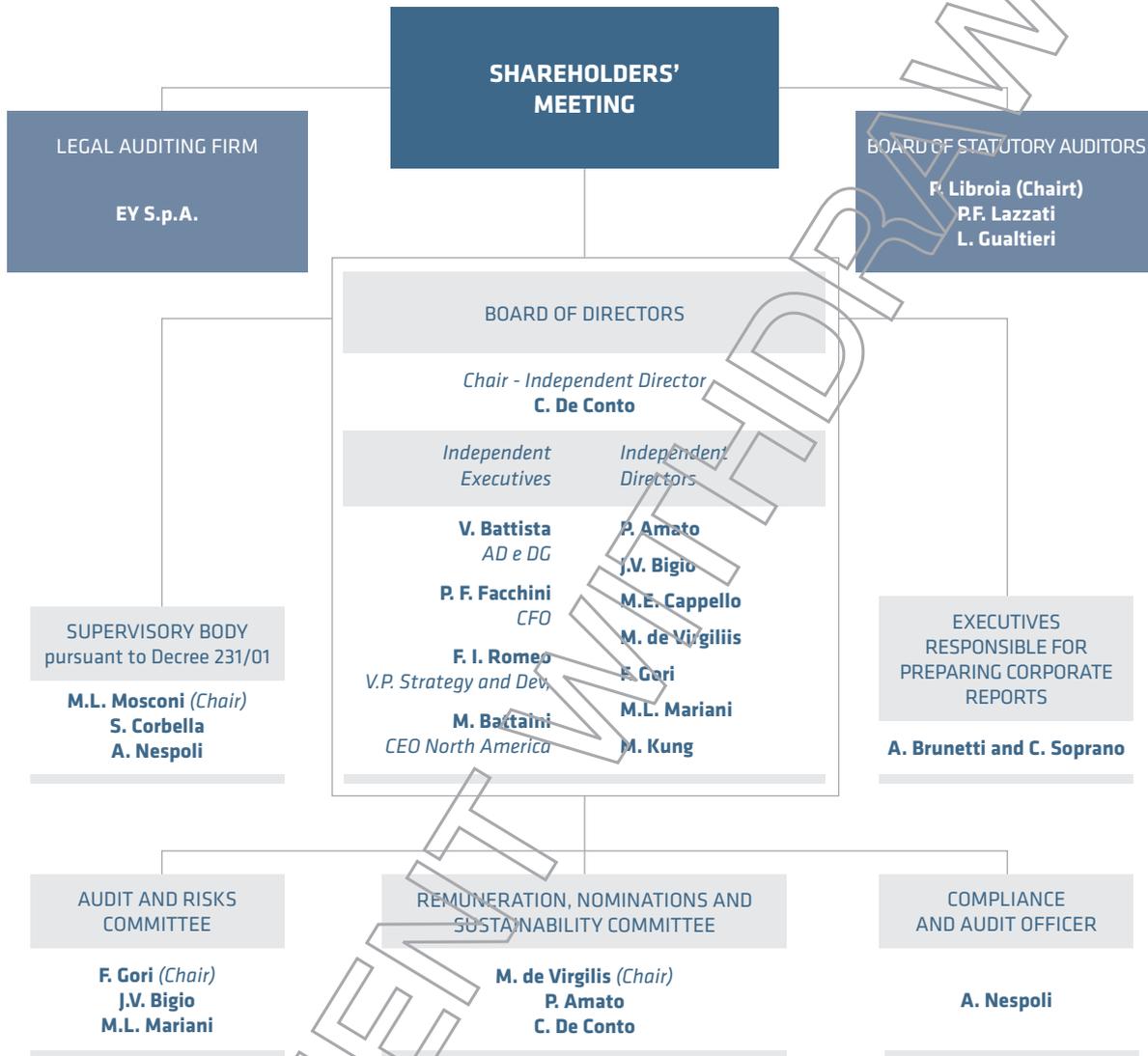
## Corporate Governance Structure

The model of governance and control adopted by Prysmian is the traditional one, with the presence of a general meeting of the shareholders, a Board of Directors and a Board of Statutory Auditors. Prysmian's corporate governance structure is based on the central role of the Board of Directors (as the most senior body responsible for managing the company in the interests of shareholders) in shaping strategy, in ensuring the transparency of the decision-making process and in establishing an effective system of internal control and risk management, including decision-making processes for both internal and external affairs.

<sup>19</sup> "Corporate Governance Code for Listed Companies - Ed. July 2018" - approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria..

An overview of the Company's corporate governance structure now follows, along with a description of its main features.

## GOVERNANCE STRUCTURE



In compliance with the provisions of art. 14 of the By-laws, the Company is currently managed by a Board of Directors consisting of twelve members - who will remain in office until the date of the annual general meeting that approves the financial statements for the year ended 31 December 2020 - of whom eight are non-executive.

Seven of the directors are men and five women, five are in the 45-55 age group and seven are over 55.

The Board of Directors exercises the widest powers of ordinary and extraordinary administration, except for those that by law are reserved solely for the Shareholders' Meeting; Consistent with the recommendations of the Code of Self-Regulation, the number and standing of the non-executive directors ensures that their opinions carry significant weight in the adoption of Board resolutions. Seven of the non-executive directors are independent within the meaning of art. 148, par. 3 of Legislative Decree 58 dated 24 February 1998 (known as the Unified Finance Act) and of art. 3.C.1. and art. 3.C.2. of the Corporate Governance Code, while one non-executive director is independent within the meaning of art. 148, par. 3 of the Unified Finance Act. The Board of Directors has appointed a Chief Executive Officer and General Manager from among its members and granted him all the authority and powers of ordinary management of the company necessary or useful for conducting its business.

Management of the business is the responsibility of the directors, who take the actions necessary to implement the corporate purpose. The Board of Directors is also responsible for the Group's internal control and risk management system and is therefore required to verify its adequacy and to adopt specific guidelines for this system, with the support of the other parties involved in the internal control and risk management system, namely the Control and Risks Committee, the Director in charge of the internal control and risk management system, the Chief Audit & Compliance Officer, the Board of Statutory Auditors and the Managers responsible for preparing corporate accounting documents.

Completing the Prysmian corporate governance structure is a Compensation, Nominations and Sustainability Committee and a Supervisory Body established pursuant to Decree 231/2001.

Further information regarding (i) the corporate governance system of Prysmian S.p.A., (ii) its ownership structure, as required by art.123-bis of the Unified Finance Act, and (iii) directors' disclosures about directorships or statutory auditor appointments held in other listed or relevant companies, can be found in the "Report on Corporate Governance and Ownership Structure", prepared in accordance with art. 123-bis of the Unified Finance Act and available in the Investor Relations/Corporate Governance section of the company website at [www.prysmiangroup.com](http://www.prysmiangroup.com).

# Governance and sustainability

In accordance with the principles of the Code of Corporate Governance for Listed Companies and the recommendations of Consob, as well as to align with international best practices, the Board of Directors (Board) of the Group, from 1 January 2016, tasked the Compensation, Appointments and Sustainability Committee with overseeing the sustainability issues of the Group's operating practices and the dynamics of its interaction with all stakeholders.

The Committee, which meets at least once a year to address sustainability issues, is responsible for:

- monitoring the company's positioning on the main sustainability indices;
- providing advice on the main sustainability initiatives developed by the Group;
- approving, prior to the Board meeting, the Disclosure of Non-Financial Information (DNF)/Group Annual Sustainability Report.

To underline Prysmian's commitment and attention to sustainability issues along the entire value chain and within all company processes, a Sustainability Steering Committee has been formed in 2016 as part of the internal governance system. Consisting of the top echelons of the organisation and chaired by the Chief Operating Officer (COO), the Committee is responsible for:

- promoting a culture of sustainability within all company activities;
- defining and/or evaluating the implementation of projects or programs aimed at improving the sustainability agenda;
- monitoring the objectives of the Group Sustainability Policy, progress with respect to the "Sustainability Scorecard" and the progress of the actions to ensure compliance with the Group's policies, and developing an ever growing internal responsibility towards results in areas of sustainability;
- supervising all ongoing initiatives that have an impact, current and potential, on the performance of economic, social and environmental sustainability;
- ensuring the effective communication of our commitment and results achieved in the field of sustainability;
- supporting initiatives to protect diversity and inclusion both internally and externally.

Within its mission, the Sustainability Steering Committee meets periodically to discuss strategic sustainability priorities, the progress of the action plan and its implementation. The strategic lines of sustainability are defined and promoted at the corporate level, and then integrated into local policies and all daily activities.

The Corporate and Business Communications department is responsible for coordinating all activities related to the Group's sustainability reporting, both in terms of process and of content, mapping the Group's stakeholders and monitoring their expectations through stakeholder engagement activities, as well as guaranteeing transparent and constant communication both with the external and the internal stakeholders.

The strategic lines of sustainability are defined and promoted at the corporate level, and then integrated into local policies and all daily activities.



DOCUMENT WITHDRAWN

# 006

SUSTAINABILITY REPORT

**Our  
commitment**

DOCUMENT WITHDRAWN

# Ethics and Integrity

## CODE OF ETHICS OF THE PRYSMIAN GROUP

“The Code of Ethics represents the Group’s «Constitution», being the charter of rights and moral duties that define the ethical-social responsibilities of each participant in the organisation”.

The **Code of Ethics** establishes the principles for all to follow, consistent with the vision and mission of the Group. Acting as a veritable guide to daily behaviour, the Code of Ethics plays a strategic role for the Group as a tool for preventing irresponsible or illegal conduct by those who work in the name and on behalf of Prysmian. The Code of Ethics lives and evolves with the development of the business in the competitive world and is always open to receive and accept requests for legality and propriety expressed by any of Prysmian stakeholders. The Code of Ethics complies with international best practices and adopts the principles embodied in the UN Universal Declaration of Human Rights and the Fundamental Conventions of the International Labour Organisation (ILO). The structure of the Prysmian Group’s Code of Ethics, in its latest version of 1 August 2019, is founded on three pillars:

- Ethics in business activities
- Ethics in internal relations
- Ethics in environmental and social matters

We recommend referring to the Prysmian Group website for further insights to these three pillars. All companies within the Group strictly comply with the Code of Ethics, applicable regulations and the rules and procedures adopted from time to time by the Group. In order to ensure the widest possible distribution of its contents, the Code of Ethics is available in 26 languages and is also published on the Company’s website, [www.prysmiangroup.com](http://www.prysmiangroup.com).

The Code reflects a common and shared approach to business, honest, ethical and compliant with all current laws and regulations, which must be respected by all Group employees wherever they work and live around the world. It is fundamental, in fact, for all employees to take responsibility for their daily work and accept personally, with conviction, the spirit of the Code.

## ANTI-CORRUPTION POLICY

Prysmian Group has implemented a series of actions aimed at managing corruption issues on a preventive basis; the first of these is the adoption of an Anti-Corruption Policy that prohibits the corruption of both public officials and private individuals and requires Prysmian’s employees to abide by it and to observe and comply with all anti-corruption legislation in force in the countries in where they are employed or active, if these are more restrictive.

Specific actions to prevent corrupt practices within the Group include:

- Implementation of the “Third Party Program” during 2019. This new Group policy is intended to prevent and manage the risk of corruption deriving from relations with third parties (such as agents, distributors and certain categories of supplier). In particular, before establishing business relations with any third party, it is necessary to carry out due diligence in relation to that party using a dedicated on-line platform. As a result of the above activity, a level of risk (high, medium, low) is assigned to each third party that, consequently, is subjected to an approval procedure responsive to the identified risks. Additionally, the due diligence work must be repeated every 1, 3 or 5 years, depending on the level of risk identified. Further, the Code of Ethics adopted by the Group (which includes the anti-corruption clause) is accepted and signed by all contractors, suppliers and agents and, with the introduction of the new Third Party Program, all new agents, distributors and 15 categories of suppliers must also sign the anti-corruption certificate.
- Supply of periodic information from each area to the Supervisory Body, pursuant to Decree 231/2001. These areas comprise:
  - New Prysmian agents;
  - Results of due diligence;
  - Commission payments above a certain threshold.
- E-learning (training and testing) activities for compliance with the anti-bribery rules applicable to all Group personnel. In particular, it should be noted that, during 2019, specific classroom training sessions were held aimed at the Group’s sales force, organized in collaboration with external lecturers and legal consultants. At the same time, e-learning sessions are published on the company intranet. In 2019, about 100 white-collar employees were trained in compliance and anti-corruption matters through on-line courses, while 1,024 were trained in classroom sessions (classroom sessions include both Anti-Corruption and Anti-Trust modules).
- Training in how to use the new platform to carry out due diligence work on third parties, as mentioned earlier. In particular, 1,463 white collar employees were trained in classroom sessions and conference calls during 2019.
- Implementation of ACL (a software programme that enables the extraction of bulk information from SAP or other information systems), with the definition of a number of key indicators for the “General/Ledger” and “Accounts Payable” processes. The system can also be used to monitor the high transaction risks associated with agents.
- In 2017, the Prysmian Group, in line with the objectives set in 2016, decided to further strengthen the monitoring and central focus on compliance issues by launching an Anti-Bribery Compliance Program inspired by the guidelines set by the ISO 37001: 2016 “Anti-bribery management systems”. This program, in addition to giving greater control over the management of the risk of corruption, is also aimed at minimizing the risk of being subject to sanctions following the commission of corruptive offences by employees or third parties. The core of the ISO 37001 standard, as is known, is the control of third parties (suppliers, intermediaries, agents and customers) through a due diligence system aimed at bringing out any critical or negative events that undermine the reputation of third parties with whom the Prysmian Group interacts. The programme introduced in 2017 has remained current throughout 2019.
- The compliance policies of Prysmian and General Cable were reviewed, updated and merged in 2019, in order to create documentation valid for the entire Group. With specific reference to the anti-corruption programme, the relevant policy was revised together with that covering gifts and entertainment expenses. In particular, the anti-corruption policy now provides further clarification about the requirements to be met with regard to high-risk transactions, such as donations, sponsorships, governmental interactions/projects, business relations with high-risk third parties (e.g. agents, consultants), gifts and entertaining expenses related to the Public Administration.

In addition, a new conflicts of interest policy was issued in 2019, consistent with the constant commitment of the Group to ensuring that the financial and personal interests of employees and consultants do not conflict with their ability to perform their duties with professionalism, ethics and transparency.

The new policy, approved by the Board of Directors on 12 November 2019<sup>20</sup>, requires all employees and consultants to disclose all potential conflicts of interest, which will then be appropriately analysed and assessed in order to agree any corrective actions needed to mitigate or eliminate the conflict.

The new policies (Code of Ethics, Global Compliance, Helpline, Anti-Corruption, Gifts & Entertainment, Third-Party Program, Antitrust, Antitrust EU, Conflicts of Interest, Export Control) have been published on the corporate intranet and are available in the official languages of the Prysmian Group.

In December 2016, General Cable entered into a 3-year non-prosecution agreement (“NPA”) with the U.S. Department of Justice and, at the same time, sent a disclosure letter to the U.S. Securities and Exchange Commission for violations of the U.S. Foreign Corrupt Practices Act (“FCPA”). As part of its commitment under the NPA, General Cable adopted new and modified existing internal controls, compliance policies and procedures in order to ensure that it maintains (a) a system of internal accounting controls designed to ensure that the Company makes and keeps fair and accurate books, records and accounts; and (b) a rigorous anti-corruption compliance programme designed to detect and deter violations of applicable anti-corruption laws, including the FCPA.

The NPA was due to expire on 31 December 2019, but has not yet terminated.

In the three-year period 2017-2019, there were no cases of corruption within the Prysmian Group.

## ANTI-TRUST REGULATIONS

Competition law on restrictive practices and the abuse of dominant positions now plays a central role in governing the activities of firms operating in all sectors of economic life. Prysmian’s strong international presence in more than 50 countries subjects the Group to the competition law in force in all countries in which we operate globally. Prysmian, potentially exposed to the risk of being involved in conduct that could be considered anti-competitive and could consequently result in extremely high economic sanctions with negative repercussions on the reputation and credibility of the Group’s governance system operates on the market in compliance with the regulations competition protection.

Consistent with the priorities defined in the FRM process, the Board of Directors has adopted an Anti-trust Code of Conduct that all directors, executives and employees of the Group are expected to know and comply with in the performance of their duties and in relations with third parties.

As with the other policies, the Antitrust Code of Conduct was also updated following the acquisition of General Cable, in order to have a document, valid for the entire Prysmian Group, that provides an overview of the problems associated with applying the antitrust regulations and the consequent principles of conduct to be followed.

In addition, more detailed documents were also adopted covering the antitrust regulations in force within the European Union and in North America.

In 2017, Prysmian introduced an anti-trust training programme - Integrity First - designed to increase awareness among those who work in the name and on behalf of the Group, so that during their activities they comply with the rules safeguarding competition. This programme continued throughout 2019 (refer to the “ANTI-CORRUPTION POLICY” section for the training courses provided). The Antitrust Code of Conduct, which is an integral part of this training programme, seeks to describe the issues relating to the application of the competition policy with regard to cartels and the abuse of dominant positions.

<sup>20</sup> The Board is the body responsible for approving all anti-corruption policies and procedures, after having analysed and discussed them. The Board did not hold any specific induction sessions on anti-corruption matters during 2019.

For details of the Antitrust inquiries in progress, see paragraph 14. Provisions for risks and charges in the Explanatory Notes to the Consolidated Financial Statements: the Group has recorded a provision for risks and charges of about Euro 223 million at 31 December 2019. Despite the uncertain outcome of the investigations in progress and the potential disputes promoted by customers as a consequence of the decision adopted by the European Commission in April 2014, as described in the Explanatory Notes (Note 14. Provisions for risks and charges), this provision is deemed to represent the best estimate of liabilities based on the information currently available.

In addition, the European Court of Justice ruling on 14 November 2019 rejected the appeal presented by General Cable against the anti-trust decision adopted by the European Commission on 2 April 2014, definitively confirming the penalty levied in the EC decision. As a result, the Group has paid a penalty of Euro 2 million.

## PRIVACY AND DATA PROTECTION IN THE PRYSMIAN GROUP

Given the growing globalisation of the business, the proliferation of access to information channels and the constant increase in the volume and type of data managed, it has become essential for the Group to adopt an overall vision in the management of sensitive information, not only in terms of regulatory compliance - as described in the Group Annual Report, in the section on Risk Factors and Uncertainties - but also with regard to security and our business priorities.

Furthermore, the European GDPR (General Data Protection Regulation) entered into force in May 2018 and became one of the major points of reference for a renewed effort in the area of data protection, with a focus on personal data.

The programme for the protection of personal data adopted by Prysmian is based on the following fundamental elements that involve the entire business structure:

- implementation of a “data centric” model, by mapping the personal data processed by the business functions and keeping a register of processing activities;
- definition of a governance model designed to comply with the requirements of the GDPR and other emerging data protection requirements, marked by:
  - an organisational structure that assigns an advisory and monitoring role to the data protection officer (DPO) in the management of personal data, delegating duties and the related responsibilities to the roles that actually process that data;
  - a series of policies and documents that support the model (business policies, information sheets, internal appointments, clauses applicable to suppliers etc.);
- implementation of adequate technical and organisational measures to ensure a level of security appropriate to the risk, partly with the help of new tools such as the data protection impact assessment introduced by the GDPR;
- definition of communication and training materials specifically reserved for the roles identified within the data protection organisational model, so that all roles involved are aware of the renewed regulatory obligations and take steps to implement all specified requirements;
- update of video surveillance systems, with particular reference to the new European guidelines and the regulations applicable in Italy.

Application of the model has been accompanied by monitoring and the provision of support to the numerous Prysmian legal entities in Europe, in order to ensure consistent application of the established controls and a shared corporate culture. In addition, partly as a result of acquiring General Cable in 2018, which increased the globalisation of the Group, the provision of monitoring and support commenced in order to extend the data protection model defined centrally by Prysmian to the various non-European legal entities.

The work performed on alignment with the European regulations will be leveraged as much as possible in the compliance work required by national regulations in the countries where the Group operates, considering also that the “Ley General de Protección de Datos” about to be applied in Brazil is founded on the same principles.

### THE HELPLINE PROGRAMME: INTEGRITY FIRST IN THE PRYSMIAN GROUP

As part of its commitment to ethical and legal behaviour, Prysmian invites all the Group's stakeholders to report any real or apparent violations of the law, the Code of Ethics, or of ethical standards, so that they can be examined and dealt with appropriately. In order to meet this requirement and create the necessary conditions of confidentiality, security and ease of reporting, in 2017 Prysmian adopted a Whistleblowing Policy that allowed everyone (employees or not) to report to the Group any improper behaviour and alleged unlawful activities identified within the organisation. This process envisaged two channels for the anonymous collection of reports, comprising dedicated telephone lines and a web portal, which were both managed by independent operators and available in the 26 languages used by the Group. A management committee was also established to evaluate reports, conduct specific investigations, if necessary, and adopt appropriate measures.

Again, as part of work to harmonise compliance policies following the acquisition of General Cable, such topics as the reporting of alleged violations of the law, the Code of Ethics or Group policies and, more generally, the reporting of unlawful conduct were revisited during 2019.

As a result, in order to facilitate communications between the Group and employees, and between the Group and third parties, making them easier and more open, as well as to reduce the fear of reprisals, the above process has been redesigned and rebranded: from Whistle-blowing to Helpline.

In this context, a new Helpline Policy has been issued and a unique, new platform for the management of reports from around the world has been implemented. This platform, administered by independent operators, is available in the 26 languages used by the Group. Three reporting channels are currently available (web, telephone and e-mail).

The new policy reiterates the importance of communications within the Group, guaranteed by the anonymity available to the reporter, as well as the ban on reprisals against those who report violations.

Lastly, role of the management committee mentioned above has been retained (now the Helpline Committee) to analyse and evaluate the reports received, carry out any specific investigations deemed necessary and adopt the appropriate measures.

	2019
Total number of claims received through whistleblowing channel	82
Confirmed complaints received through the whistleblowing channel <sup>21</sup>	26
of which of anti-corruption	-
of which covering other topics	26

### COMMITMENTS FOR THE FUTURE

During 2020, Prysmian Group will strive to strengthen and improve, where necessary, all of the compliance programmes described above.

<sup>21</sup>The number includes cases that were partly justified.

# Cyber Security

In a rapidly changing world where information is increasingly significant and there is a growing connection between networks, systems and applications, it is increasingly complex to manage and protect information resources, ensuring regulatory compliance. This increased complexity - combined with the growth and evolution of cyber threats - exposes companies to new types of risk, the damaging effects of which can have serious economic, legal, reputational, compliance or competitive advantage repercussions, due to information loss or business interruption.

This complexity concerns the Group not only as a user, but also as a service provider, being systematically involved in innovation to compete in the global market, through the adoption of new technologies to ensure the centrality of the customer and increase business efficiency.

In this context, in 2017 the Prysmian Group developed an Information Security Strategy, whose main objective is to tackle effectively the management, control and protection of the Group's information assets.

The Group's Information and IT Security organisation comprises a Cyber Security Unit directly that reports directly to the Chief Information Security Officer (CISO), who is part of the HQ HR staff.

The unit is structured to manage four main skills:

- Governance, to ensure that the Organisation has effective control structures to maintain and improve levels of prevention, investigation, response and restoration of security in the event of an incident;
- Prevention, to reduce the practical exposure to cyber attacks via systematic analyses and work to protect the Group's assets;
- Detection, to ensure that the organisation is aware of internal and external threats and can mitigate them proactively;
- Response & Recovery, to defend the organisation against cyber attacks and restore operational functionality in case of impact.

The organisational structure envisages the involvement of Business Lines in IT security activities via the Information Security Committee, chaired by the Head of Industrial Relations (CSO) and permanently composed of the Chief Information Officer (CIO), the Audit & Compliance Manager, the Chief Risk Officer (CRO), the Chief Operating Officer (COO) and the Senior VP HR & Organization.

The Group has issued a complete series of policies, procedures and operating instructions, with the aim of directing and regulating, at different levels of detail, information security issues and operations in accordance with the Information Security Strategy and the established Framework.

The main topics covered by these policies and procedures are: Information Security, Security Incident management, IT Change & Configuration management, Backup, Hardening, Logging, Cloud Security, BYOD (Bring your own device) and Removable Devices management.

During 2019, the framework was strengthened by introducing new policies to address better the new generation of IT technologies and processes that necessarily require more attention.

Security documents, such as policies, procedures and operating instructions, are systematically revised and shared with employees, published on the Corporate intranet and made available via specific on-line training.

In 2017 Prysmian launched a Cyber Security programme to strengthen information security through a well-defined set of initiatives to reduce overall cyber and compliance risks over time.

The six main initiatives (streams) were completed during 2019.

1. IS Metrics and Indicators: definition of a series of key performance and risk metrics and indicators (30 business oriented and 50 more technically driven) for monitoring the level of security on a regular basis;
2. IS Risk Management: definition of a process for analysing and tackling information security risks, as described in ISO/IEC 27005 and methodologically based on the IRAM2 standard from ISF.
3. Vendor Management Security: definition of a baseline of security requirements for third parties (suppliers) with access to the Group's confidential data and critical systems, so that the risks deriving from third parties can be managed more effectively as a structured and formalised part of the existing supplier management process.
4. Threat Model: definition of a methodology for assessing risk events and information security threats with reference to intelligence reports and sources relevant to the contexts in which Prysmian operates, including such internal and external players as hackers, organised crime, competitors and government agencies, so that the Group can identify and prioritize them in order to take mitigating action.
5. General Cable Integration: a series of activities in support of the acquisition process, assessing the level of maturity and formalising a development plan for alignment with Group practices. These assessments have been carried out in relation to the LATAM and NA regions. As part of the integration program, two vulnerability assessment and penetration test initiatives were also completed in 2019: one at the US HQ and the other at the most important EMEA plant.
6. IS Culture: alongside established initiatives (multi-channel awareness campaigns) to promote a culture of security among all Group employees, a range of mandatory training courses was introduced during 2019 for new hires and in relation to specific initiatives, such as the adoption of second factor authentication. The purpose of this training is to improve behaviour in response to threats and cyber attacks that exploit the habits and expectations of users, making them more responsible for helping to protect corporate information, both in the office and when on business trips.

The cyber security programme will continue in the coming years and new initiatives have already been planned, in accordance with the strategy agreed at Group level. This strategy was revised and updated in 2019 following the acquisition of General Cable, resulting in additions to the existing roadmap.

Security initiatives are also key elements in the integration of Group companies. They commenced in 2011 with the acquisition of Draka and continued in 2018 on the purchase of General Cable: companies that basically had different architectures to be harmonised. Programs for the secure redesign of plant data networks (network segregation and segmentation programme) and the application of security frameworks are therefore becoming even more important.

The process for managing the risks associated with information security was approved and released at the beginning of 2019. It is based on the ISO/IEC 27005 international standard and extends the existing general process for the management of business risks adopted by the Group. This process attaches proper importance to security measures, linking them with known threats and risks, and draws on the results of the analysis driven by the Threat Model.

After this analysis, any unacceptable risks will be mitigated by defining and implementing risk management actions, which will be appropriately prioritised with reference to the levels of risk identified.

The risks associated with third parties (Group suppliers) were also considered during 2019, including the outsourcing services that support critical IT systems and operations and increase risk and the extent of vulnerabilities. This potential source of cyber attacks is evolving and expanding significantly, making additional requirements necessary for the supervision and monitoring of security at the third parties used by the Group.

If the risk factors are not properly managed with corrective actions and treatment plans, the confidentiality, integrity and availability of Group information cannot be properly protected. This may result in damage or financial losses (loss of market competitiveness due to margin reduction or cost increases), reputational losses (loss of brand reputation), operational losses (business interruption or process delays) and legal losses (non-compliance with regulations, laws and contractual requirements).

At the beginning of 2019, the Group defined and adopted a series of performance indicators to evaluate the level of information security. By using KPIs and KRIs systematically, Prysmian Group can obtain a continuous and updated overview of security, detecting potential deficiencies and addressing them in a timely manner.

These indicators cover all areas of the information security framework defined at Group level, targeting two different needs: business metrics provide management with the clearest and most direct status information, while technical metrics measure the efficiency and adequacy of the technological solutions adopted.

Once again, during 2019 the Information Security Committee supervised the operating plans for the implementation of planned initiatives, with periodic updates.

Over 40 information security events ("incidents") of varying severity were managed every month during 2019.

In addition, 105 Internet domains used for phishing and ransomware campaigns were identified and reported to the competent authorities. Each month, more than 130 security clearances were issued, authorising significant changes to IT systems or providing access to critical resources. Lastly, 26 internal investigations were conducted to contain and prevent theft and fraud, and to tackle potential reputational losses.

There were no known violations of the confidential personal data of Group customers during 2019.

Furthermore, no reports were received from external parties or public or private regulatory bodies, as identified from the periodic investigations carried out by the Security organisation using OSINT intelligence sources.

Group procedures and operating instructions for the management of data breaches were formalised in 2018.

Commitment and support for this topic by the Group resulted in the publication during 2019 of hardening guidelines for IT systems (internal and external) subject to the GDPR, as well as a draft data disposal and retention policy. In addition, various awareness initiatives regarding the corporate intranet were carried out.

A number of KPIs relevant to cyber security are presented below:

Description	Unit	2019	2018
Training courses delivered on information security	number	10	4
Average time to resolve high-risk vulnerabilities	weeks	37	37
Percentage of log sources integrated with the SIEM solution	percentage	79	44
Number of information security incidents	number	534	584
Cyber attacks as a percentage of total recorded incidents	percentage	19	10
Average time for forensic investigations following an incident	hours	3	6

# Responsibility towards people

Over more than 140 years, the Group has built its history and successes on the abilities of its employees. Individuals who have been leading actors in the achievement of these results, thanks to their ability to transmit to younger colleagues, generation after generation, their values, experience and attachment to the firm. The “human capital strategy”, launched in 2015 in support of our business strategy, and the growth of the company towards 2020 regarding our sustainability objectives, will guide the development of specific initiatives in this area, based on the following pillars:

- constant **improvement and development of the organisational model**, consistent with our business strategies and priorities;
- **strategic planning of resources** in order to ensure, over the medium term, the compatibility of our human capital with the needs of the company in terms of capacity and skills;
- **development of employer branding**: increase knowledge and awareness of the Prysmian brand as an employer and develop the positioning of the brand in the international job market, partly via strategic recruitment initiatives;
- creation of a **strong talent pipeline** that ensures the sustainability of the Group’s human resources strategy;
- development of technical, professional and managerial skills via the **training initiatives of the Prysmian Academy**, which has now been active for eight years;
- **meritocracy** as a basic element for the development of resources to ensure long-term sustainability;
- **development of employee engagement** and sense of belonging via a structured approach to measuring the corporate climate, in order to align management and the initiatives with the perceived priorities of employees and, in particular, via a broad share ownership programme designed to make most of them shareholders.

The merger with General Cable in June 2018 had a major impact on the human resources of the Group and on the activities of the function dedicated to their management. Consistent with the work carried out in 2018 to launch the new values, a new leadership model was designed and defined in 2019 to provide a basis for the new assessment system for both performance and potential. Training in this regard was provided to 2,500 managers around the world.

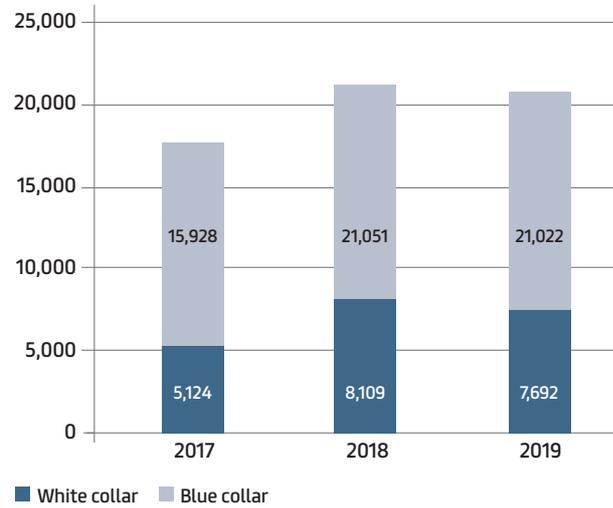
In terms of engagement, a decision was made in 2019 to revise the survey and extend it to all employees, including blue-collar workers. The objective is to monitor effectively the corporate climate and the post-merger consolidation.

As a priority in the next few years, the Group will define action plans and implement measures, as necessary, to improve the life quality and satisfaction of employees.

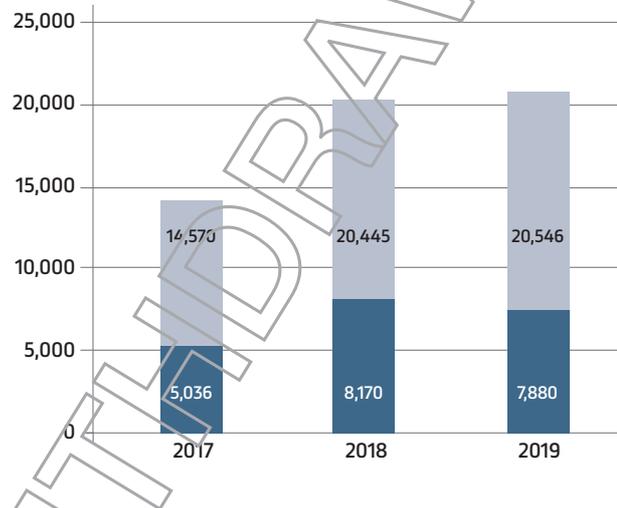
## OUR HUMAN CAPITAL

The Prysmian Group employs<sup>22</sup> 28,714 FTEs at 31 December 2019, comprising 7,692 White Collar (WC) staff including executives and 21,022 Blue Collar (BC) workers.

**GROUP WORKFORCE (FTE)**



**GROUP EMPLOYEES (NO.)**



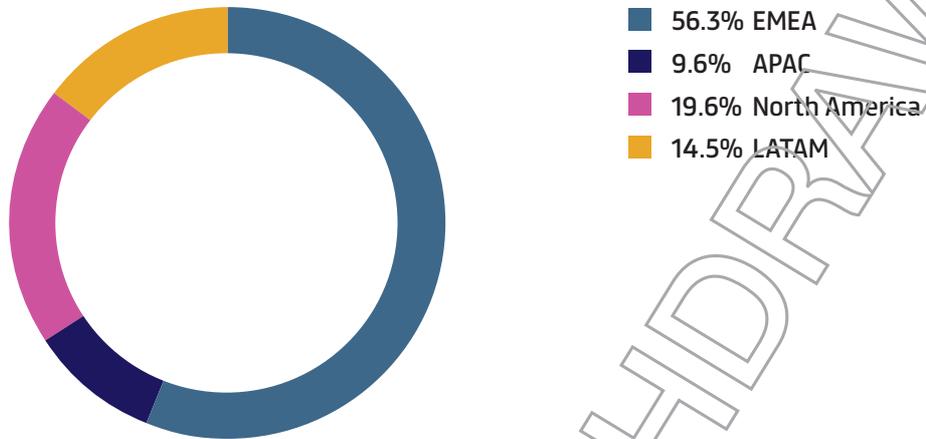
The number of employees at 31 December 2019 amounted to 28,426 persons.

White collar staff account for 27.7%, while blue-collar workers are in the majority at 72.3%.

<sup>22</sup> The total represents the total workforce of the Group, calculated in FTE, and represents 100% of the total of Prysmian's employees, i.e., all Group companies controlled or subject to the Management, including estimated figures of Associated Cables Pvt. Ltd.. This calculation also includes the staff of agencies (interns and contractors). Note that in order to guarantee the reliability of this document and its comparability with previous editions, estimates have been made with regard only to the data of Associated Cables Pvt. Ltd., on the basis of the best available methodologies. In fact, due to a lack of data, the number of persons employed by Associated Cables Pvt. Ltd. Prysmian India has not changed for four years, while the qualitative breakdowns have been estimated with reference to Group averages.

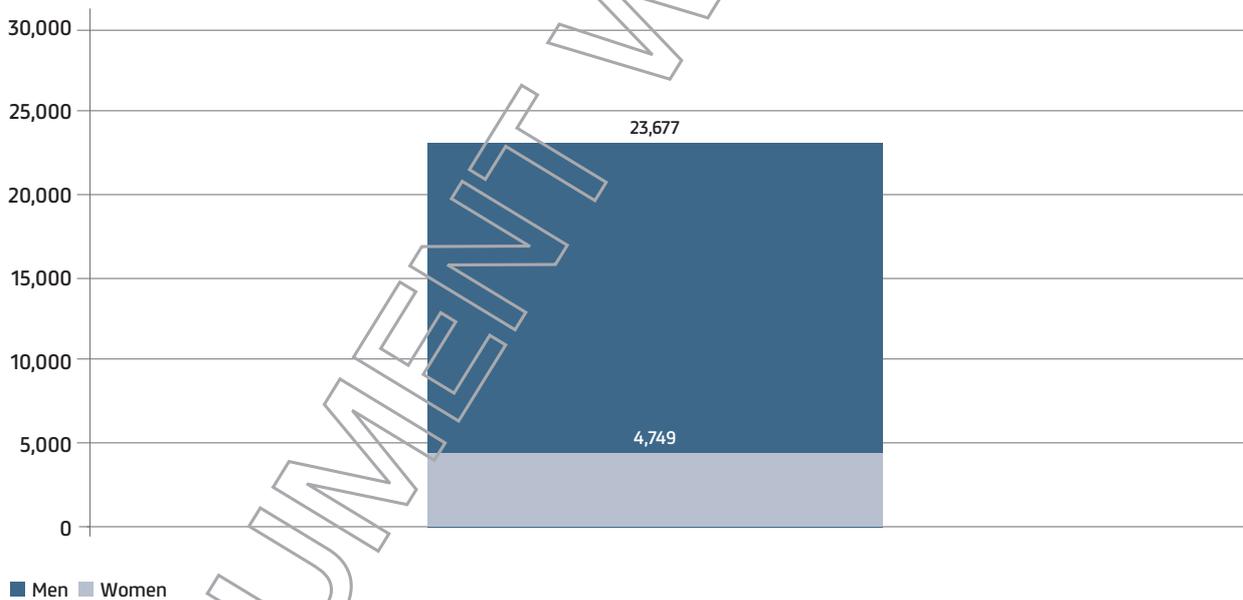
With regard to geographical distribution, in line with prior years more than half of employees are located in EMEA (Europe, Middle East and Africa). North America (US and Canada) and LATAM<sup>23</sup> respectively hosted 19.6% and 14.5% of employees, while the remaining 9.6% were in APAC<sup>24</sup>.

**EMPLOYEES BY GEOGRAPHICAL AREA (%)**



In consideration of the type of business, men made up 83.3% of all employees, and women the remaining 16.7%. The Group continually strives to implement equal opportunities programmes. See the following section for more information.

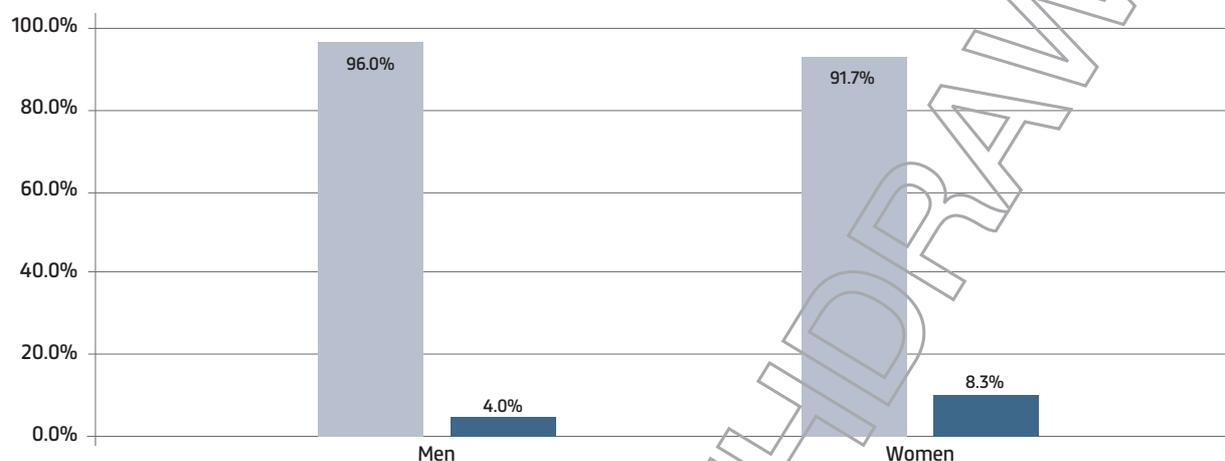
**EMPLOYEES BY GENDER (No.)**



<sup>23</sup> For details of the countries included in the respective geographical regions, please refer to the map of the Group's plants shown in the chapter entitled "Prysmian Group in the world". Note that Mexico has been classified in the LATAM region since 2018, having been categorised in the North and Central America region in previous years.  
<sup>24</sup> Note with regard to geographical distribution that the countries were reclassified following the inclusion of General Cable in 2018. Consequently, since last year, Mexico has been part of the LATAM geographical region rather than North and Central America.

Regarding types of contract, the majority of employees have permanent contracts. The preference for permanent employment contracts demonstrates the Group's commitment to creating long-term relationships with its employees, focusing on long-term prospects.

#### GROUP EMPLOYEES BY TYPE OF CONTRACT (FIXED-TERM/ PERMANENT) AND GENDER



As regards demographics, the majority of employees (54.3%) were aged between 31 and 50 years. About 29.8% of employees are above the age of 50, while the remaining 15.9% are under 31 years of age. The Group constantly strives to attract young recruits, especially through specific programmes such as Make It, Sell it and the Graduate Program.

With regard to new hires and departures, the current perimeter combines PG and GCC to represent the Prysmian Group in its entirety, having excluded General Cable in the prior year as it was only consolidated from 6 June 2018<sup>25</sup>.

Total new employee hires (No.) - Prysmian Group															
2019	EMEA			APAC			North America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	502	89	591	117	45	162	292	62	354	445	193	638	1,356	389	1,745
31-50	531	165	696	111	46	157	260	66	326	375	166	541	1,277	443	1,720
>50	100	12	112	6	1	7	97	28	125	31	15	46	234	56	290
<b>Total</b>	<b>1,133</b>	<b>266</b>	<b>1,399</b>	<b>234</b>	<b>92</b>	<b>326</b>	<b>649</b>	<b>156</b>	<b>805</b>	<b>851</b>	<b>374</b>	<b>1,225</b>	<b>2,867</b>	<b>888</b>	<b>3,755</b>

Total employee departures (No.) - Prysmian Group															
2019	EMEA			APAC			Nord America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	483	81	564	111	17	128	177	46	223	343	160	503	1,114	304	1,418
31-50	605	141	746	149	59	208	258	79	337	351	142	493	1,363	421	1,784
>50	380	60	440	28	8	36	208	53	261	82	16	98	698	137	835
<b>Total</b>	<b>1,468</b>	<b>282</b>	<b>1,750</b>	<b>288</b>	<b>84</b>	<b>372</b>	<b>643</b>	<b>178</b>	<b>821</b>	<b>776</b>	<b>318</b>	<b>1,094</b>	<b>3,175</b>	<b>862</b>	<b>4,037</b>

In EMEA the overall employee outgoing turnover rate was 10.9%, of which 4.1% voluntary, in APAC 13.6% including 7.5% voluntary, in North and Central America 14.8% including 7.6% voluntary, and in LATAM 26.6% including 9.2% voluntary. With regard to outgoing turnover grouped by age, the most significant changes were found in employees under thirty (31.4% including 13.9% voluntary), followed by employees aged between thirty and fifty (11.5% including 5.6% voluntary) and finally those over fifty (9.9% including 2.1% voluntary).

<sup>25</sup> By contrast with prior reports, non-financial reporting has been improved by disclosing all employee turnover, including both white- and blue-collar workers and all departures, not just those that were voluntary.

The turnover rate for new hires was 8.7% in EMEA, 11.9% in APAC, 14.5% in North America and 29.8% in LATAM. In terms of age groups, the new hires turnover rate was 38.6% among the under-thirties, 11.1% between 31 and 50 years, and 3.4% over 50 years.

New hires totalled 3,755 while departures amounted to 4,037 including 1,663 voluntary; see details in the tables above. This data is not comparable with that reported in the tables for 2018 and shown in the "Attachments" section, as it pertains to different corporate perimeters, time periods and cases.

## International mobility

As of 31 December 2019, the Prysmian Group's expat population counts about 244 employees from about 24 different countries (32% are Italians) who are living in 33 different destination countries. Of these, 70% are at a non-executive level and 20% are women. There were 80 new departures during 2019. These statistics evidence the importance of international mobility within the Group. On the one hand, it allows the diffusion of the culture and values of Prysmian in all countries and all affiliates – an essential requirement following the acquisition of General Cable – and on the other hand, international mobility helps us meet local organisation requirements, enabling the transfer of managerial and technical know-how from country to country, as well as the spread of multiculturalism which enhances the benefits of diversity.

In this regard, the mobility policy and processes were extended also to General Cable with a view to alignment with the most advanced market practices, in order to facilitate expatriation also outside of headquarters, to align conditions and to segment the various types of assignment.

## DIVERSITY AND EQUAL OPPORTUNITY

Prysmian has identified the promotion of diversity and equal opportunity as a strategic objective for the management of human resources and, therefore, the development of an increasingly inclusive organisation. Given this commitment, the Group has adopted a global **Diversity & Inclusion Policy** and is developing a number of supporting initiatives. The latter are included in the Group's **Side by Side** programme. This was launched in 2016 and now focuses on diversity in terms of gender, age and culture as drivers for the creation of value in line with our business objectives.

The portfolio of activities, mostly launched in 2017 with subsequent consolidation and extensions, includes:

1. **Global Diversity Recruitment Policy.** This procedure, formalised at corporate level, seeks to promote compliance with the recruitment process, offering a standardised methodology that ensures equal opportunity at all stages in the selection process, without any stereotypes linked to gender or other diversities. The Diversity Recruitment Policy was formalised at global level in March 2019. It has been translated into seven languages in addition to English (Italian, German, Spanish, French, Portuguese, Russian and Chinese) and is accompanied by an internal communications campaign entitled "Turn off your bias". The objective is to highlight errors that are typically, albeit subconsciously, made during selection processes, raising awareness about them and promoting improved decisions and behaviour;
2. **inclusion of the topic of diversity and diversity management in all programmes of the School of Management,** i.e. as part of the syllabus of the Prysmian Group Academy, which trains leaders of the Group;
3. **involvement of senior managers as teachers in the Professional School programmes,** in order to ensure that the new generations, in particular, benefit from their experience and knowledge;

4. **training on Unconscious Bias and Inclusive Leadership**, to be delivered through the Digital Academy;
5. **WLP (Women Leadership Programme)**, now in its fourth edition. This training programme is aimed at female talent in the company. Through their development, it can nurture the internal pipeline for succession plans;
6. **mentoring programme for female talent**, to be delivered after the training of internal mentors;
7. **programme of Reverse Mentoring**, to be organised in 2020 and 2021 with a view to benefiting from the generational diversity that exists within the business, by enabling both Juniors and Seniors to develop by comparing their mindsets and methods of working in order to find common ground;
8. **Gender Pay Gap Analysis**, already started in Germany as a pilot project in partnership with Korn Ferry and to be extended to other countries;
9. **health and well-being programmes for more senior employees**, delivered mostly at local level and taking account of specific conditions in each area. As an example, the two-yearly check-up of office personnel in Milan is offered on an annual basis to persons over the age of 55;
10. **initiatives to recognise the role of caregivers**, with the launch in 2019 of a pilot project entitled "Life-Based Learning". The "Life-based learning" on-line training models highlight work-life synergies and are available to all employees: parents, caregivers and managers. Further information and details are available from the intranet page, which is even accessible by mobile phone;
11. **actions to facilitate the work-life balance**, such as flexi-hours and remote working, are available at several Group locations. As an example, the smart working project introduced at the Prysmian HQ in 2017 has been extended. Smart working can now be used on 3 days every month, with simplification of the requirements for access to the scheme. In addition, smart working has been introduced in the Central and Eastern Europe region from this year, allowing people to work remotely for up to 2 days per month;
12. **launch of the Diversity Academy at the Prysmian site in Cebu, Philippines**, where the training organised will largely focus on the topic of racial and ethnic diversity;
13. **internal and external communication campaigns for the project and success stories based on cases of diversity of all kinds** (gender, age, culture).

Side by Side certainly seeks to increase the presence of females at all levels within the organisation and in the various functions by 2021, but it also strives to create a more inclusive working environment. A place where various generations can understand each other and work well together, and where all employees, regardless of culture and leadership style, are offered equal growth opportunities. Consistent with this, the *We value diversity* principle is now part of the Group's new Leadership Model, in recognition of the TRUST business value.

## THE DEVELOPMENT OF TALENT

For Prysmian, human capital and the development of talent are strategic assets for the achievement of our profitability and value creation objectives. For this reason, the Group defined and implemented a People strategy during the period 2012-2019 in order to:

- guarantee the hiring of talents with technical skills and managerial styles aligned with the Group's leadership values and model;
- draw on and develop the talents of each employee, thereby contributing to future growth and the maintenance of our global leadership position.

The talent management system is based on four pillars:

1. Employer branding and Talent Acquisition;
2. Performance Management;
3. Talent Management;
4. Culture, Training and Development

### EMPLOYER BRANDING and TALENT ACQUISITION

Numerous initiatives during 2019 were designed to position the Group as the Employer of choice on a global scale in order to attract and retain the best talent on the market. In particular, promotional and communication actions were taken using both digital and traditional means.

At the same time, an important new employer branding strategy was defined in order to recognise the individual contributions made within the business and recognise the unique contribution of each person in its success. The internal job posting project, launched at the end of 2019, is also very important and will be extended globally during 2020. This represents an important improvement in our development culture, as well as employee experience terms.

Additionally, the Group has continued to invest in a solid positioning strategy on the major digital communication channels, achieving significant goals for which the Group's recruitment team was recognised as "Best Talent Acquisition team, Large enterprise" by LinkedIn.

Building on this, a major investment was made on Instagram during 2019, in order to reach target new graduates via this channel.



- 158 thousand followers
- Winner Best Employer Talent Acquisition team LinkedIn



- Live-streaming feeds made with applicants to the various recruitment programmes
- 25 thousand likes and thousands of comments and visits



- 3 thousand followers
- Campaigns focused on graduates

In addition to increasing its presence on on-line platforms, the Group has continued to invest in University presentations and dedicated "corners", via a view to maximising direct contact with students and enhancing local awareness of the Prysmian brand. There has been a 10% improvement in presence compared with 2018.

Since 2012, Prysmian has implemented specific recruiting programmes that have helped to diversify the offer portfolio, not only with “Spot” job offers but also with programmes to attract and retain talent.

- **Build the Future. the Graduate Program**  
**45 young graduates from about 40,000 candidates**

“Build the Future, the Graduate Program” is an international programme in its ninth edition for the recruitment and induction of new graduates. The objective is to place young graduates with high-potential profiles in various functions and geographical areas. The Graduate Program comprises various stages, from a careful selection process to the assignment of an important technical or managerial role after 3 years.

During the first half of 2019, 45 new international staff were taken on, while in the second half of 2019, over 40,000 applications were received. This will lead to the selection and recruitment of another 50/60 new graduates in 2020.

- **Make It**  
**56 young engineers from about 19,000 candidates**

The “Make It” international recruitment programme is aimed at identifying engineers from other sectors to cover highly challenging key roles in the Group’s most important production plants. The main objective is to introduce new skills, augmented by diversity in terms of culture and background, that can contribute to the process of cultural change and recognition that is blossoming throughout Prysmian.

In addition to a period of training (On-Boarding & Training on the Job) for approximately two months, leading to placement in the specific role in the local unit, further steps in the “Make It” programme include the assignment of a corporate mentor and continuous technical training. Via this programme, participants can expect career development based on the evaluation of their performance and potential.

The programme led to the hiring of around 200 engineers from around the world between 2016 and 2019. With assistance from Korn Ferry, a new global partner, the programme received a major boost in 2019 with the recruitment of about 56 engineers and the receipt of about 19,000 job applications. Here too, efforts were made to draw on and differentiate the experiences offered by candidates, as well as their diverse backgrounds, in order to broaden the interactions among different leadership styles and types of know-how.

- **Sell It**  
**17 salespeople from about 10,000 candidates**

The “Sell It” programme aims to further the growth and development of the sales force and follows the same steps as the “Make it” programme, commencing from the careful selection of candidates (application, test, group assessment, group and local interviews). This year, “Sell It” attracted about 10,000 applications and led to the recruitment of 17 salespeople, with about 5 years of experience, interested in covering key and highly challenging roles in various Energy & Telecom business areas.

Once again, this programme assisted by Korn Ferry has proved strategic and highly effective.

The communication materials and campaign details for both Make It and Sell it have been revised, in order to improve the effectiveness of the recruiting system.

Consistent with the people strategy, the talent acquisition priorities for 2020 will continue to focus on the employer branding strategy and the employee value proposition, linked to the Group’s values and leadership model. The objective is to make the unique offer made by the Group, in terms of experience, culture, benefits and growth, both visible and transparent to persons who are already part of the Prysmian Group and those who will be in future. In addition, we will continue to give priority to the quality of recruitment and the diversity of backgrounds and skills.

## PERFORMANCE and TALENT MANAGEMENT - P3 and P4 PROGRAMS

### *Prysmian People Performance (P3)*

In order to achieve our business objectives and continue to improve our results, each employee must be put in a position to make a daily contribution. This requires the allocation of clear objectives agreed with their own manager and the provision of constant feedback about the work performed and results obtained. For this, the performance of Group employees is monitored through the programme known as “Prysmian People Performance (P3)”. P3, supported by an online platform, has the following aims:

- align personal objectives with those of the Group, thereby motivating each employee to do their best and generate value for the entire organisation, creating a single business identity;
- guide leadership behaviour;
- facilitate communication between managers and staff, so that the results achieved can be shared;
- train those deemed most deserving, based on objective appraisals.

P3 currently only involves white-collar employees, engaging about **7,000**<sup>26</sup> in total in 2019. About 88% of the Group’s white-collar workers (including the front line) were given periodic performance appraisals during 2019.

Performance management process P3			
2019	Men	Women	Total
% of White Collar included in the performance evaluation program	89.2%	86.1%	88.2%

The leadership behaviours considered when evaluating Group personnel were revised during 2019. This process of revision benefited from the contribution of all employees who were directly involved in defining the new values, and who highlighted the importance of certain behaviours that provide guidance for all. P3 is a key tool in the culture to be promoted internally, and the new values identified via employee involvement have helped to define a new leadership model that comprises 6 key principles:

NEW LEADERSHIP MODEL	
Leadership Principles	
<b>We are customer focused</b>	We actively explore and understand the needs of our customers. We give them maximum priority and do everything possible to meet and exceed their expectations.
<b>We think ahead</b>	We consider market trends and strategic objectives in order to anticipate the future. We pursue innovation and continuous improvement.
<b>We value diversity</b>	We welcome diversity and encourage inclusion, recognising their benefits for collaboration and cooperation within the organisation.
<b>We empower people</b>	We encourage a culture of responsibility towards the business. We always provide an example to others in everything we do, guaranteeing integrity and meeting our commitments.
<b>We take action</b>	We simplify as much as possible, in order to facilitate timely and effective decisions. We balance short-term actions with a longer-term vision.
<b>We deliver results</b>	We obtain consistent results, focusing priorities and ensuring efficient and effective delivery.



<sup>26</sup> The data reported includes all permanent and fixed-term WC employees, with the exclusion of OAPIL (Oman Aluminium Processing Industries LLC), Associated Cables Pvt. Ltd., General Cable Condel, Cabos de Energia e Telecomunicações SA, SICABLE - Société Ivoirienne de câbles S.A., Nantong Haixun Draka Elevator Products Co. Ltd. and Nantong Zhongyao Draka Elevator Products Co. Ltd.

### Prysmian People Performance Potential (P4)

In 2017, with a view to rationalising the assessment of potential and establishing a process for the identification of talent and the preparation of succession plans, Prysmian introduced a structured process known as the “Prysmian People Performance Potential (P4)”. This process was renewed in 2019 to include General Cable top performers, to ensure definition of the proper perimeter and guarantee recognition of the various talents.

In order to guarantee a proper level of awareness about the new models, more than 2,500 managers around the world received training between February and the end of March 2019. During 2019, about 16%<sup>27</sup> of the Group’s white-collar workers (including the front line) were subjected to periodic appraisals of their professional development and potential.

Talent management process P4			
2019	Men	Women	Total
% of White Collar included in the potential evaluation program	17.1%	14.3%	16.3%

On launch of the new Workday system in 2020, the new content defined in 2019 for performance (P3) and scouting for potential (P4) will be confirmed and supported by a potential simplification of the process. Particular attention will be given to the management of feedback downstream from the talent committee. Specifically, ad hoc training will be made available. Alongside this, a new system for the assessment of high potential individuals will become available, supporting both employees and the Group with a targeted development plan.

Together with the Compensation team, we are working to align the reward element with the recognition of talent.

## TRAINING AND DEVELOPMENT

The development of people is a priority at Prysmian. In this regard, the Prysmian Group Academy has been created at Group level to guide and define the pillars of the development strategy.

In order to develop and consolidate the leadership and technical skills of management, the **Prysmian Group Academy** comprises 3 modular schools (Prysmian Business School, Prysmian Professional School and Prysmian Digital School) that provide training both to a selected pool and to all employees, based on our business requirements.

Prysmian Business School	Prysmian Professional School	Prysmian Digital School
<p>The School of Management, directly connected to systems of measuring and developing Potential (P4 programme), is established by Prysmian in partnership with SDA Bocconi and a network of 10 major international Business Schools (ESADE, FUDAN, SMU, STENBEIS, CORVINUS, SSE, FGV, ESSEC, USC, UFS). The school supported the entire integration process in 2019 and this will continue in 2020. In addition, a new Academy training hub was opened in 2019 to focus on diversity and inclusion, with a view to maximising the value contributed by diversity within the organisation.</p>	<p>The Professional School, directly linked with the systems of measurement and performance development (P3 programme), is organised into function academies and centres of expertise, and has trained over 2,000 employees in six years, with the involvement of more than 250 experts and plans to involve the same number in 2019. <b>R&amp;D Academy, Purchasing and Supply Chain</b> has defined new ad hoc programmes to improve the specific expertise available in this area. Further emphasis has also been placed on compliance and safety, which are a priority for the Group.</p>	<p>The digital school is considered one of the main projects of the Academy. In 2019, the Group launched a <b>new technological platform to support the Digital Academy</b>; the platform comprises a social networking tool called “JAM”, intended to help create a community among the school participants. The community allows participants to stay in touch and share documents. Always in step with the development of training offerings, the Group has developed several digital initiatives, with the creation of ad-hoc e-learning modules and partnering with AltaFormazione in order to satisfy training needs.</p>

<sup>27</sup> The data reported includes all permanent and fixed-term WC employees, with the exclusion of OAPIL (Oman Aluminium Processing Industries LLC), Associated Cables Pvt. Ltd., General Cable Condel, Cabos de Energia e Telecomunicações SA, SICABLE - Société Ivoirienne de câbles S.A., Nantong Haixun Draka Elevator Products Co. Ltd. and Nantong Zhongyao Draka Elevator Products Co. Ltd.

The Academy will continue to play a key role in all change management and cultural change activities. Following the merger with General Cable, cultural integration and the recognition of diversity remain important success factors.

Below are the hours of training provided in 2019 by the School of Management and the Professional School programmes. Both programmes together totalled almost 52,827 hours (net of the Prysmian Digital Academy e-learning courses).

Average hours of training by the Prysmian Academy			
31.12.2019	Men	Women	Total
Prysmian Business School	1.88	2.78	2.15
Prysmian Professional School	4.63	3.98	4.44

With regard to the training of non-desk workers, extra attention has been dedicated to safety, compliance and the OTJ activities that provide constant updates on industrial processes. These activities have involved the majority of workers around the world.

There was also significant training carried out at local level in the individual countries of the Group.

Average hours of (local) training by professional category <sup>28</sup>			
2019	Men	Women	Total
Blue Collar	26.27	39.18	27.75
White Collar	13.59	14.60	13.89
Totale	23.30	26.86	23.89

As in prior years, the Prysmian Group Academy will consider to expand its Managerial and Professional portfolio, but priority will be given to digital training in 2020, supported by the new workday platform that will be available to all employees.

There will be an important improvement in 2020, with the “digitalisation” of non-desk workers and, therefore, the ability to include them on the e-learning platform. This will be additional to the training that is already delivered locally.

Accordingly, the digital portfolio will be enriched by technical and managerial training that is available to all, everywhere and at any time.

The cultural diversity element will also receive considerable attention. Beyond the various specific diversity initiatives, the objective is to guarantee the development of a company culture that builds value by drawing on different approaches and ways of thinking and working, assuring inclusivity for all employees.

<sup>28</sup> Training hours include the hours of mandatory training and the hours of OTJ training, when certified, with the exclusion of OAPIL (Oman Aluminium Processing Industries LLC) and Associated Cables Pvt. Ltd.

## THE WELLBEING OF OUR EMPLOYEES

### REMUNERATION POLICIES<sup>29</sup>

The remuneration policy adopted by the Prysmian Group is designed to attract and recognise talent with the skills needed to address the complexity and specialised nature of the business, as well as the competitive international context in which the Group operates. This policy is defined in a way that aligns the long-term interests of employees, management and shareholders, pursuing the priority objective of creating sustainable value over time for all stakeholders. The remuneration policy is largely founded on the principle of sharing the results achieved, via systems that establish a real and verifiable link between pay and performance, both individually and at Group level.

Participation in the creation of sustainable value over time is open to all employees, via the broad Group share ownership plan that enables employees to become stable shareholders. The broad share ownership plan (known as YES – Your Employee Shares) was extended during 2019 to the new employees who joined the Group on the merger with General Cable Corporation. About one third of employees are stable shareholders in the Group, owning more than 1.5% of the share capital.

Sustainability plays an increasingly important role in the remuneration policy of the Group. Part of the variable remuneration of all Group managers is linked to the achievement of sustainability targets, which are monitored using both internal indicators (gender diversity in management, culture of safety in the workplace, reduction of emissions) and the third-party assessments provided by sustainability indexes.

Remuneration policy is defined at central level for executives and expatriates while, for the rest of the population, local programmes are implemented in compliance with guidelines for remuneration systems defined centrally.

The remuneration policy for executive directors and executives with strategic responsibilities is determined as the result of an agreed and transparent process, during which the Compensation, Appointments and Sustainability Committee and the Board of Directors of the Group both play a central role. Every year the Committee submits the remuneration policy to the Board of Directors for approval and checks on its application during the year. The pay structure for executive directors and managers with strategic responsibilities and executives comprises a fixed component, a short-term variable component and a medium-long-term variable component.

The remuneration policy has been well received by shareholders (votes in favour exceeded 90%). Feedback and suggestions regarding the remuneration policy are sought regularly from investors and shareholders, and considered when preparing the compensation policy that is submitted to a consultative vote at the annual general meeting.

In the context of transparency on compensation matters, the Group has issued guidelines, in compliance with local laws, that link pay measures to all levels of the organisation and variable remuneration plans to the appraisal of individual performance. The fixed element of remuneration is reviewed annually and, if necessary, updated to remain competitive with market conditions, the position held and personal performance, while always complying with local regulations. This meritocratic approach is based on a global system of organisational role and performance assessment, which is applied on a consistent basis throughout the entire Group.

<sup>29</sup> Further information is available in the 2019 Remuneration Report.

## GROUP WELFARE SYSTEM

With regard to the Prysmian Group, the monetary-equity offer is amplified by additional benefits such as supplementary welfare, additional medical care, personal accident policies, a company car for staff who are entitled to one, and company canteen or restaurant vouchers. These benefits are adapted to local conditions, having regard for market characteristics and relevant regulations. This focus on individuals is confirmed by the Prysmian Group's commitment to investing in the development of employee-company relations, via numerous initiatives designed to encourage involvement. The Group also signs agreements with external partners for the supply of products and services on attractive terms to employees, such as discounts on theatre tickets, gym subscriptions, magazines and products purchased in shops. These benefits are equally valid for full-time and part-time employees.

Once again, Prysmian Group has implemented national initiatives (Italy/HQ) that make it possible to:

- obtain a free flu jab from local hospitals;
- donate blood in collaboration with Avis;
- obtain a free check-up in collaboration with Niguarda Hospital, for prevention purposes and as part of the attention dedicated to the health of employees in the Milan Bicocca area;
- participate in the assignment of **102 study grants** each worth 450€ for **Upper School** pupils and **33 study grants** each worth 1,600€ for the **University** education of the children of employees.

Following the merger of the Prysmian Group with the General Cable Group, the existing welfare systems present in the countries subject to integration of organisational structures are and will be the subject of thorough analysis with a view to harmonising them.

## DIALOGUE WITH SOCIAL PARTNERS AND COLLECTIVE BARGAINING

The Group continues to invest energy and resources in the maintenance of constructive social dialogue and continuous improvement, in the firm belief that the contribution made by the social parties represents both a stimulus and essential support for the HR policies adopted by the Group.

While recognising that workers' representatives and trade union organisations operate independently, in compliance with local legislation and practices, the Group guarantees the involvement and consultation of unions at all levels, from plant to international (European Works Council), in the main processes followed for the collective management of personnel.

In many of the countries where the Group operates, 2019 was again marked by the signature of agreements with workers' representatives and trade unions: almost all corporate processes or projects with an impact on personnel requiring union consultation were completed with the formalisation of an agreement.

These union agreements generally covered the routine renewal of the economic and regulatory terms of current payroll contracts, as well as new working hours and shift work where required by specific market conditions. About 70% of Group employees were covered by collective bargaining agreements in 2019. We emphasise that, with reference to organisational changes and the relative minimum notice period, each country of the Group shall comply with the relevant local regulations in this context.

In addition, at a European level, Prysmian Group has maintained constant contact with the European Works Council (EWC). The second half of 2018 was marked by intense negotiations with the EWC about forming the new council after the General Cable acquisition, with initial agreement reached at the end of that year. Subsequently, on 27 March 2019, formation of the new EWC was formalised on signature of the final agreement at the Milan HQ of the Prysmian Group.

The EWC now comprises 29 trade union representatives from all European countries where Prysmian is present and meets at least twice a year, with the option for further meetings if extraordinary operations are required.

The current EWC has its own executive body (known as the Executive Committee) comprising seven members, elected by the 29 members of the general committee, from the following countries: Italy (chair), France (secretary), Netherlands (deputy chair), Germany, the United Kingdom, Spain and Sweden.

In October 2018, the European organisations representing workers and local trade union organisations were informed of the intention to close the European HQ offices of the General Cable Group in Barcelona. On 16 November 2018, an agreement was reached with the trade unions of the site, providing incentives for people to leave the company; in order to reduce the social impact, some of the dismissed workers were given the option to relocate to other sites in the province.

Together with that operation involving about 75 employees, the same Group rationalisation included the activation of a social plan in Montereau-France for around 70 persons. This last process, which sought to rationalise resources by drawing on possible synergies, was completed in December 2018 with a union agreement that envisaged various mitigation measures (leaving incentives, outplacements, relocation to other French plants etc.). These were implemented during the first half of 2019.

Collective conflict within the Group at global level was insignificant in 2019, due to pursuit of the above industrial relations policy designed to prevent - through constant and constructive dialogue accompanied, usually, by proactive union consultation - any source of controversy that could potentially generate conflict at different levels.

Against this background, for the sake of completeness, there was some limited conflict at a number of French plants during the first quarter of 2019. This arose at the time of the annual wage negotiations (NAO) in France, which were complicated by the union expectations created by the French government announcement that bonuses granted by companies would be tax free (the Macron Bonus). The union discussions, although not without difficulties, resulted in an agreement to close the dispute, setting aside the strife and re-establishing a sense of responsibility among all those involved.

On 2 October 2019, the Company informed the local (Comité de Empresa) and European (EWC) unions about the need to reorganise its industrial activities in Spain, with closure of the plants in Manlleu (334 workers) and Montcada i Reixac (153 workers) in Catalonia.

The reorganisation was needed for organisational and production reasons, in order to align productive capacity with market demand and maintain the competitiveness of the business in Spain. In particular, the business plan seeks to concentrate national production of power cables at the Group's Catalan plants in Santa Perpètua de Mogoda and Vilanova i la Geltrú, as well as at the General Cable centre of excellence for low voltage copper cables in Abrera.

Following the announcement, there were episodic strikes and protests against the Company's decision during the period of consultations and negotiations carried out on the basis and with the timing envisaged by Spanish regulations.

In this regard, management had announced from the start the intention to present proposals designed to mitigate the impact on the workforce at the affected locations.

On 25 November 2019, the period of negotiations was completed with an important agreement that obtained unanimous approval from the workers' representatives. The agreement includes the following points:

the gradual stoppage of production at the plants concerned;

- the transfer of up to 138 workers to other Prysmian Group plants in Spain and a further 59 to plants abroad, thereby reducing the number of dismissals;
- an early retirement plan for the older personnel affected;
- a termination indemnity package for workers not entitled to early retirements, with conditions far superior to the legal requirements;
- establishment of a working party to analyse options for the reindustrialisation of the locations concerned.

On 22 November 2019, a draft agreement presented to the workers' meetings at the two plants received 98% approval.

The agreement reached will help to mitigate, as far as possible, the effects of the industrial re-footprint project on employees and the local communities, allowing the Company to align production capacity with demand.

The above type of agreement reached in Spain was made possible, in part, by the highly convincing approach adopted by the Company, which shows that the manner in which business restructurings are carried out, when necessary, makes all the difference for the persons involved.

## OCCUPATIONAL HEALTH AND SAFETY

The Prysmian Group has always been committed to ensuring that the of the integrity, health and welfare of workers are safeguarded in their workplaces. The Group has an HSE (Health, Safety, Environment) policy for Prysmian sites and an HSE policy for the former General Cable sites that guarantee our commitment to comply with the good management practices that ensure a safe workplace.

To ensure a systematic and concrete approach to the safety issue, the Group adopts the **OHSAS 18001** health and safety management system at a number of locations, although all productive entities make reference to it.<sup>30</sup>

Aware that rules, training, information and technical aspects play a key role in the determination and management of risks and the prevention of injuries, the Group directs its activities and regulates key work phases with **Procedures, Operating Instructions and Guidelines**. These documents contain rules, precautions and technical solutions to be observed, with checks on effective implementation. The risk is determined for each work phase, together with measures to maintain or reduce it. The precautions needed to deal with the residual risk are also identified.

In order to distribute this approach extensively, Prysmian provides regular general and specific **training courses** to operators on the safe management of materials, equipment, plant and/or machinery during the construction, operation and maintenance phases. A spotlight is placed on the personal protective equipment allocated to each worker in order to mitigate the residual risks associated with the work performed. Additionally, although not required by local regulations, training programmes have been devised on such topics as safety at work, first aid, fire prevention regulations, the consequence of alcohol and drug abuse. Guidelines govern the use of mobile phones in the workplace, working alone, the distribution, use and maintenance of defibrillators, first-aid kits and other standard practices that maintain a consistent level of safety throughout the Group.

Partly to ensure compliance with current regulations, the HR functions at country level prepare training plans for their personnel and determine specific training paths for the various categories of worker, depending on their roles, duties, levels of responsibility and working environment.

<sup>30</sup> See paragraph "Environmental protection" for details of the OHSAS 18001 and ISO 14001 certified sites.

The commitment of the Group to protect health and safety is guaranteed by the Corporate HSE function, which coordinates the local HSE functions: Region, Country and Plant.

The HSE function plans its activities based on an analysis of the specific parameters for the prior year, the results of which are agreed with top management. The purpose of analysing Group performance is to define objectives and action plans, as well as improvements for the coming year.

The established objectives and results (indices for the frequency and gravity of injuries) were achieved in 2019 and the following improvement projects were completed:

- further use of the Group's Blumatica HSE Events platform for the management of such HSE events as incidents, non-conformities, near misses and reporting;
- more effective and standardised analysis of the above events using international methodology: ISHIKAWA DIAGRAM & 5 WHYS;
- in order to avoid the repetition of significant events, the Group continues to publish technical and organisational recommendations to be implemented at plant level;
- the promotion of meetings has continued at all levels in order to analyse the results obtained and the difficulties encountered by the various geographical areas and business units; a further goal is to share the experience and present the initiatives and tools promoted by the central HSE function;
- technical / organisational support exchanges between area and central functions are encouraged, in order to harmonise the approach taken to health and safety, as well as to support assessment of the safety aspects of new investment;
- special attention has been focused on the safety of machinery, with the definition of a Group procedure establishing reference standards, roles and responsibilities for the installation, basic maintenance and technical specifications of plant, as well as the minimum safety and protection requirements.

The safety efforts made by the Group have resulted in a reduction of injuries, as represented by the IF index calculated using the OHSА LTA methodology<sup>31</sup>. This index was about 1.30 at the end of 2019.

Accidents were monitored also with reference to other parameters such as:

- their severity assessed in relation to days of absence from work;
- the numbers of Near Misses, which are unfortunately still below expectations (subject of future investigation and corrective action).

With regard to the **number of injuries**, there were a total of 342 in 2019<sup>32</sup>, 320 involving men and 22 involving women<sup>33</sup>. In terms of geographical area, 283 injuries occurred in EMEA, 24 in LATAM, 18 in APAC and the remaining 17 in North America.

<sup>31</sup> This methodology is described in the "Methodology" and at the foot of the tables in the "Attachments".

<sup>32</sup> The calculation of injuries only considers those that occurred in the workplace and not those arising during travel between home and work, unless organised by the Company.

<sup>33</sup> For privacy reasons, gender data for 2018 was not available in certain countries; accordingly, the proportion of injuries and hours worked were based on the FTEs at 31.12.2019. A full analysis of injuries by gender was available for 2019, but the hours worked had to be determined in proportion to the FTEs at 31.12.2019.

With regard to the **number of professional diseases**, there has been a substantial functional improvement in data collection by using a dedicated IT platform. As a result, a total of 37 cases (mostly involving men) were identified within the Prysmian Group perimeter during 2019.

The following health and safety data monitored by the Group is provided by geographical region and gender for 2019<sup>34</sup>.

Prysmian Group (2019) - Employees					
	EMEA	APAC	North America	LATAM	Group
Severity rate (IG)	64.6	30.0	12.3	24.1	41.5
Frequency rate (IF)	2.3	0.5	0.3	0.6	1.3
Occupational disease rate	0.3	0	0.7	2.8	0.7
Absentee rate	1.6%	3.7%	2.7%	4.0%	1.9%

Prysmian Group (2019) - Employees				
	Men	Women	Group	
Severity rate (IG)	47.2	13.7	41.5	
Frequency rate (IF)	1.6	0.5	1.3	
Occupational disease rate	0.8	0.1	0.7	
Absentee rate	2.2%	1.0%	1.9%	

As for the data on injuries related to external personnel<sup>35</sup>, there were 15 in total, 13 involving men and 2 involving women, with 510 days lost overall. These injuries occurred in EMEA and North America: in EMEA, 12 injuries involved men and 2 involved women, while one man was hurt in North America.

The overall frequency rate was 1.6. The frequency rate for men was 1.7, while that for women was 1.1. In EMEA, the frequency rate was 3.1, while in North America it was 0.5. Overall, the severity rate was 53.1. The lost day rate for men was 64.8, while that for women was 2.2. In EMEA, the lost day rate was 109.6, while in North America it was 4.1.

During 2019, the strategy for the improvement and constant development of the safety culture within the Group was guided by the following VISION: ZERO injuries in the workplace and ZERO professional diseases. In order to achieve this exceptional goal, we have identified our MISSION: guide positive, sustained and tangible change in the safety culture of our organisation, as we strive for economic success while recognising our corporate social responsibilities.

Both our vision and our mission must be firmly rooted in our VALUES: guarantee the protection of our workforce and respect the right of our people to health, safety and well-being.

The following objectives have been established as part of the strategy for developing our safety culture:

- have the lowest incident rate in the industry<sup>36</sup>;
- improve managerial commitment and involvement;
- improve the cross-functional and other skills of HSE leaders and professionals;
- reduce cultural differences and align practices;
- take steps to ensure that everyone looks after themselves and others.

<sup>34</sup> The absentee rate for 2019 has been calculated with reference to both blue collar and white collar workers. Had that rate only be calculated for blue collar workers, the statistics would have been: EMEA 7.3%, APAC 3.7%, North America 3.1% and LATAM 4.6%, totalling 5.6% overall. Considering the gender analysis, the absentee rate for BC men was 5.7%, while that for BC women was 5.0%.

<sup>35</sup> The hours worked were determined in proportion to the FTEs at 31.12.2019.

<sup>36</sup> Reference: ECOE - Environmental Committee of Europe Cable.

In addition, with reference to the fleet (comprising three vessels: the Giulio Verne, the Ulisse and the Cable Enterprise), the related HSE data was managed in 2019 with support from an external ship management company. The relevant maritime regulations for ships are the ISM code for safety and the ISPS code for security.

The following injury and frequency statistics relate solely to the Group's ships. Three on-board injuries resulted in a total of 90 days lost.

Prysmian Group (2019) - Fleet	
	Group <sup>37</sup>
Severity rate (IG)	0.57
Frequency rate (IF)	17.12

## COMMITMENT TO THE COMMUNITY

One of the drivers of the sustainability strategy consistently adopted by the Prysmian Group over the years is to "Contribute to the development of people and communities", creating value for all parties concerned and contributing to the sustainable development of the territories.

In the context of the Group's **Corporate Citizenship and Philanthropy Policy** the Company has joined the **Business Volunteer** project, activating a series of social initiatives that are supported the concrete contribution of employees who "donate working hours". As a result of these initiatives, Prysmian Group has donated about 7,000 hours of volunteer work.

Some of the initiatives carried out together with **Sodalitas** are described below:

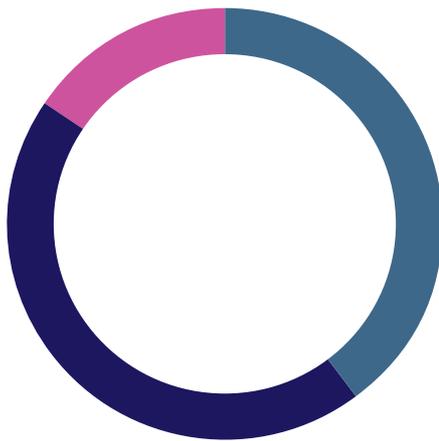
- Starting in May 2019, the Company organised a number of Business Volunteer activities in collaboration with **"Rise Against Hunger"**, an international organisation that seeks to eliminate hunger from the world by 2030. Supported by volunteers and charities on the ground throughout the world, RAH distributes ready meals directly to those most in need. Various Prysmian teams were involved: from top management to the employees of the HR function and the business divisions. Our employees participated with enthusiasm, dedicating their time to the packaging of a full **39,600 food rations** that were then sent to villages in Mozambique and Zimbabwe by the appointed charities. Thanks to the contribution made by Prysmian employees, the packaged food will provide nourishment to around one hundred children and increase their school attendance throughout an entire scholastic year.
- Prysmian also organised a Business Volunteer day in June 2019, donating the working hours of employees to the distribution of meals at **Fondazione Fratelli di San Francesco in Milan**. This Foundation is active in many areas, from medical surgeries to dormitories throughout the Milan area where homeless persons can go. The Foundation has taken care of the elderly for many years and offers support to all those in a fragile state, economically or otherwise, seeking to devise a path for each of them towards integration and social autonomy, with a home and work. The distribution of meals is a major service provided by the Foundation: the canteen is open for lunch and dinner every day throughout the year, with seating for 156 and a daily average of about 1,200 guests.
- In July 2019, a number of Prysmian employees, working in collaboration with **Legambiente**, donated a working day to the local community by cleaning a green space in the vicinity of the Milan HQ (Quartiere Bicocca): 84 kg of cuttings, 30 kg of glass, 25 kg of miscellaneous waste, 15 kg of building rubble, over 10 kg of bulky waste and a battery weighing 12 kg. In total, **176 kg of waste** was removed from the road and the cycle path.

<sup>37</sup> The indices cover to both external (agency) workers on the ships and the Prysmian employees aboard.

## PROJECTS AND CONTRIBUTION TO THE COMMUNITY

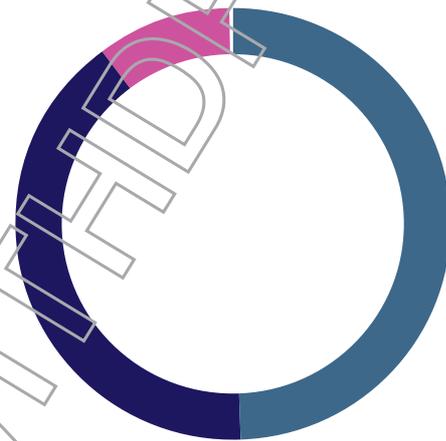
With a view to contributing to the socio-economic development of the communities in which it operates, the Group has adopted a Corporate Citizenship and Philanthropy policy, updated in 2019, to identify all activities that can help satisfy the needs of the community or communities, in line with the vision, mission, values, Code of Ethics and Policies put in place by the Group. This policy defines the main types of deliverable contributions, the guiding principles and operating methods, as well as monitoring and the modes of communication of the activities. In 2019 about Euro 611,000 was donated to local communities in cash, in kind and in the form of time.

### TYPE OF INITIATIVE



- 40.0% Communities
- 44.6% Gifts
- 15.5% Commercial initiatives

### TYPE OF ASSISTANCE\*



- 49.5% Donations in cash
- 40.4% Donations of time
- 10.2% Donations in-kind

\* Cash contribution: cash; In-kind donation: cables;  
Time donation: voluntary work performed by employees during working hours and paid as such.

### RECIPIENTS OF INITIATIVES



- 8.0% Education and youth
- 9.7% Health
- 2.5% Economic development
- 2.7% Environment
- 1.1% Arts and culture
- 51.9% Social welfare
- 1.9% Humanitarian aid
- 4.3% Other

### **SPAIN - project entitled "L'economat de VNG"**

This project, developed in 2014, continued during 2019 in Vilanova, Spain, where a building owned by the Company in the town centre was made available to Caritas to develop the "L'economat de VNG" project. This is a service that distributes food to individuals and families, in order to guarantee their primary needs and a minimum standard of life. The most interesting aspect of this social project is how it is administered: as in a supermarket, persons can select the food they need most at any given time.

### **ITALY - Chiulo Hospital**

Following the donation of cables by Prysmian, in 2019 the volunteers of Electricians without borders, a non-profit group that improves access to electricity and water in developing areas throughout the world, completed the installation of a mini solar energy grid (delivering 50KW of power) at the Chiulo Hospital in rural Angola. This has improved living conditions in the area and contributed to achievement of the UN goal of guaranteeing access to renewable energy (SDG 7).

### **FRANCE - "Electriciens sans frontières" project**

Also in 2019, Prysmian France donated industrial cables to the NGO "Electriciens sans frontières" (ESF). These cables are used for numerous initiatives promoted by the NGO, which, founded in 1986, is involved in many projects including, above all, the transmission and delivery of power to developing countries and communities afflicted by catastrophes. To date, the organisation employs over 1,200 volunteers distributed in 136 projects across 35 countries.

### **NORWAY - "Rett Fram Opplevelser"**

Following on from 2018, during 2019 Prysmian Norway continued to donate to the humanitarian organisation "Rett Fram Opplevelser" the contributions intended for the Christmas presents of its customers, which now go to initiatives for children living in poor conditions.

### **ROMANIA - School for orphaned girls**

Prysmian donated 350 metres of low voltage cables with copper conductors for the wiring of a new school for orphaned girls in the local community. The school will be administered by the Metropolitan "Buna Vestire" Church in Grădinari, Olt.

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

The Prysmian Group makes a constant effort to create and distribute value to its stakeholders. This commitment is monitored every year thanks to the definition of the economic value generated and redistributed (or Economic Value) that allows us to quantify how much wealth has been produced by the Group and how it has been redistributed among all its stakeholders in order to provide a complete picture of the economic impact that the company produces. It represents the economic value generated by the Group in the reference period net of amortisation and depreciation, redistributed, in various forms, to the Group's stakeholders. It is therefore the difference between revenues and costs incurred for the purchase of production factors (Operating costs and other costs) and for human capital (Personnel costs), as payment to the Public Administration (Taxes) and to Lenders (Financial expenses), and as contributions to community support (Donations and sponsorships).

The schedule showing how the Economic Value generated by Prysmian is allocated was prepared with reference to the income statement items reported in the consolidated financial statements as at 31 December 2019. The economic value generated by Prysmian in 2019 amounted to EUR 11,653 million, of which EUR 296 million consisted of profits redistributed to Group Members and interest to third parties and represent the value withheld. Much of the value was redistributed in the form of:

- spending on Suppliers (80.8%) - including raw materials and other services;
- payment to Staff (13.6%);
- payment to Lenders (4.3%);
- payment to the Public Administration (1.3%);
- contributions to the Community, around EUR 610 thousand (0.005 %).



DOCUMENT WITHDRAWN

# Environmental responsibility

## ENVIRONMENTAL PROTECTION

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.

This commitment is evidenced, in primis, by application of the Group's **Health, Safety and Environment Policy**, Operating Procedures and Technical Standards, which were extended to additional operating units during the year, and by the periodic checks supported by a team of auditors of the proper and effective application at local level of the health, safety and environment rules.

During the year, the Prysmian Group worked hard to enhance our performance on environmental matters, by monitoring key indicators and planning actions designed to reach, step by step, the environmental objectives set for 2022.

In particular, the sustainability objectives set for the period to 2022 include - among others - the reduction of energy consumption and the consequent reduction of greenhouse gas<sup>38</sup> (GHG) emissions at Group level.

In view of this, during 2019 the Prysmian Group again participated in the CDP - Climate Change section, in which the greenhouse gas emissions (GHG) for 2018 were declared.

In 2019, 19 new energy diagnoses were carried out in the same number of 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. The Energy Audit Plan is updated annually by the HSE function. The recently-acquired European plants of General Cable were included at the end of 2018, while the next update for the three-year period 2020-2022 will also include the non-European locations.

A number of Group plants have ISO 50001 energy management certification (6 German plants and 1 Turkish plant). Internal and external audits are planned and carried out periodically at these locations, in order to check the adequacy of their energy management systems and verify achievement of the established objectives. The auditors also make recommendations for possible new initiatives, as part of the continuous improvement of energy management and consumption.

Responsibilities and procedures have been updated at the Milan HQ, where the energy management system also has ISO 50001 certification, and a series of operational initiatives, involving every level of the organisation and all employees and collaborators, have been launched to achieve the established energy reduction objectives.

Significant events during 2019 included the investment of about Euro 17 million in health, safety and environmental activities, including energy efficiency, water and waste.

<sup>38</sup> The emissions reduction targets refer to all the "direct" Scope 1 emissions (i.e. those resulting from the production processes) and "indirect" Scope 2 emissions (deriving from energy purchased).

During 2019, the HSE function continued with the coordination of the operational phase of the two projects, "Relamping with LED" and "Smart Metering", respectively related to the replacement of conventional lighting fixtures with LED lamps and the introduction of systems to measure consumption at the production units; this, in line with a consistent approach at Group level, which has led to the following concrete results and future developments:

- Activation of a unified Cloud platform at the 5 Italian locations with consumption measurement systems, in order to ensure the consistent management of energy consumption and the aggregation of data at country level, while also enabling the individual operating units to manage their own data and prepare and distribute customised reports.
- In order to extend and accelerate the installation of consumption measurement systems, as an essential tool in the management and optimisation of energy consumption and to guarantee compliance with legislative requirements, the HSE function has decided that the installation of these systems will be mandatory from 2020, prior to activation of the Energy Efficiency initiatives already identified.
- Completion of the supply, installation and testing of LED lighting in two Italian operating units, adding to the five already completed in Italy in the period 2017-2018.
- Completion of the supply, installation and testing of LED lighting in two British operating units.
- Start of work on the supply, installation and testing of LED lighting in two additional British operating units and two in Asia, with project completion expected by mid-2020.
- Collaboration with the purchasing function on preparation of the technical specifications and commercial requirements to be adopted at Group level for the design and installation of new lighting systems.

Using the Smart Metering system installed in the Italian production units, Prysmian will analyse power consumption and performance in relation to production, highlighting both the savings obtained from the adjustments already made, e.g. in lighting systems, and the areas of improvement where future actions can be planned and implemented to improve efficiency.

A number of pilot projects in the energy field were also launched in 2019. These are coordinated by the HSE function, in collaboration with other central functions, in order to quantify the energy savings obtainable by using specific technical solutions, assess their effectiveness and extend their implementation to other Group plants. For this purpose, the HSE function has carried out various site visits to gather and analyse specific documentation and the available energy data.

The pilot projects involve four operating units in three countries and focus on the following main areas:

- Efficiency of systems for the production and distribution of compressed air.
- Efficiency of heating systems.
- Efficiency of cooling systems.
- Efficiency of engines.
- Assessment of systems for the self-generation of electricity.

The Prysmian Group has continued to manage various activities including active participation in various working parties and on association committees, such as Europacable's ECOE Committee and its "Carbon Task Force", 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 context, consideration will be given to strengthening further the standardisation and coordination activities carried out by the central HSE functions, while local work will continue on "multi-site" development at national or legal entity level.

In 2019, the Mudanya plant (Turkey) collaborated with JAC (Joint Audit Cooperation)<sup>39</sup>, which had recognised the Slatina plant (Romania) in 2018 for its high sustainability performance, by selecting from its supply chain an organisation to be rated by JAC, in order to encourage other businesses in the ICT (Information Communication Technology) sector to make Corporate Social Responsibility commitments. Following the audit, carried out in September 2019 by an external agency in the presence of personnel from Prysmian Mudanya, any necessary corrective actions will be completed prior to final validation by JAC.

## MANAGEMENT SYSTEMS

Work in 2019 was dedicated to updating the Safety Management Systems, in order to maintain the certifications of all organisations in accordance with the latest version of the standard: ISO 45001:2018. The transition to this standard is still in progress and follows the timetable for the certification audits of the various plants and other organisations, bearing in mind the deadline of 12 March 2020, after which it will no longer be possible to carry out audits pursuant to OHSAS 18001.

At the same time, in order to facilitate local implementation of the requirements of the new standard, the related Group procedures for the functioning of Environment Management Systems have been revised. This is because they provide a fundamental point of reference that local organisations must implement and integrate into their own systems, while taking account of their own specific needs. In particular, these Group procedures supplement the requirements of standard ISO 14001:2015 with those of ISO 45001:2018; accordingly, the above revision took account of the interactions between the two standards, in order to obtain maximum benefit from the synergies deriving from their common requirements. The revision also improved the usability of the Group procedures as guidelines for the local implementation and maintenance of systems, with particular reference to the tools for managing and reporting the non-conformities and consequent actions identified by audits (internal and external), or even just matters and problems noted by safety management personnel, workers at any level or third parties.

Six new certifications in accordance with relevant international standards were obtained during 2019. In particular:

- 4, in accordance with OHSAS 18001 / ISO 45001;
- 2, in accordance with ISO 14001.

About 83% of Prysmian plants, including those deriving from the acquisition of General Cable, hold ISO 14001 certification, while 71% are OHSAS 18001 / ISO 45001 certified.

The above percentages only refer to production sites; however, in addition to these, other types of organisation within the Group are also certified, such as R&D, installation activities, kitting and distribution centres etc.

<sup>39</sup> JAC is an international association composed of leading telecom operators that assesses and promotes the implementation of CSR best practices at the production centres of firms operating in the sector. The audit and assessment process is carried out by site visits and by interviewing the executives and workers at the plants concerned, in order to express an opinion on the effectiveness of the CSR policies adopted by the organisations and assign an overall score, as well as detailed scores in each area. The firms audited are invited to complete the corrective actions identified within a specified period.

With a view to further increasing the percentage of certified sites, a four-year programme of “new” certifications has been established that involve many General Cable production units. The first objective will be to assess their health, safety and environmental risks, in line with the systematic approach adopted by the Group.

The HSE function held a Worldwide Meeting in March 2019, which was attended for the first time by the HSE Region/Country managers of General Cable, as well as by a number of Plant Managers. The objective was to communicate the HSE and REAL ESTATE objectives, facilitate collaboration among the various business functions in the implementation of current projects and the definition of improvement actions, thus creating conditions for the increasingly integrated and sustainable development of HSE initiatives and commitments.

The commitment of Prysmian and the improvement initiatives launched over the years, with a view to using resources more efficiently and reducing the environmental impact of production processes and products, have already resulted in environmental benefits and cost reductions and, accordingly, the Group will continue efforts to improve continuously its HSE performance.

In particular, the HSE function, with the cooperation of other central functions and the operating units, will endeavour to ensure:

- increasingly precise and reliable Group-level reporting of data and information on consumption and greenhouse gas emissions, completing integration of the GC units within the perimeter;
- the growing involvement of Group suppliers in monitoring and quantifying the impacts of climate change associated with the Prysmian supply chain;
- increasingly detailed quantification of the environmental impact of our products throughout their entire life cycle, paying particular attention to the impact of the materials and services acquired;
- the precise collection of data and information about the consumption of specific cable production processes;
- the systematic application of methodologies for calculating the footprint of products (e.g. EPD or carbon footprint/ISO 14067);
- the monitoring of improvement objectives for the future and their eventual updating, with the involvement of all levels of the organisation in the planning of the initiatives and activities necessary for the achievement of the stated commitments;
- ongoing implementation of energy efficiency initiatives in compliance with regulations (e.g. Directive 2012/27/EU on Energy Efficiency), the specific campaigns promoted nationally and, more generally, the commitments undertaken at the Paris COP-21 Conference on Climate Change;
- the selection and coordination of specific projects to be implemented in the Group's operating units, with their efforts carefully calibrated towards local operating requirements.

### EMISSIONS SCOPE 3

In addition to the Scope 1 and Scope 2 emissions, Prysmian also screens the Scope 3 “other indirect emissions” (generated by other organisations as a consequence of Group activities), selecting the categories considered significant for the Group, such as emissions related to Purchased goods and services, Waste generated in operations, Business travel, Employee commuting, Downstream transportation and distribution, and partially quantifying them using “Quantis - Scope 3 Evaluator”, a GHG Protocol tool.

Albeit based on assumptions and estimates, this screening showed clearly the significant impact associated with the “Purchased goods and services” category; accordingly, the Group decided to join the CDP Supply Chain Programme, in order to involve the supply chain directly in the reporting and allocation to Prysmian of its emissions, in collaboration with the CDP.

Significant suppliers, identified using sustainability criteria defined by the Prysmian Group, were invited to answer the CDP 2019 Supply Chain Questionnaire.

The data and information reported by the sample of suppliers selected were used by Prysmian to quantify more precisely its Scope 3 emissions (relating to 2019), as well as to start planning initiatives in the coming years to monitor and reduce the impact on climate change associated with the supply chain.

## CARBON FOOTPRINT OF PRODUCTS

The commitment of Prysmian to preventing and reducing the environmental impact associated with Group activities and products is evidenced, in particular, by the responsible management of the various phases in the life cycle of each product.

This ranges from the efficient use of energy resources and raw materials, to the optimisation of logistics flows and the enhancement of production process efficiency, as well as to the reduction of emissions and the responsible management of waste that, taken together, comprise the carbon footprint of the product.

During 2019, with a view to satisfying the technical requirements of several important customers, Prysmian Group began a process for the certification of various low and medium voltage products.

To this end, Product Carbon Footprint studies were carried out in accordance with standard ISO 14067:2018 and applying the principles of the Life Cycle Assessment (LCA) methodology. These studies covered more than 30 cables, drawn from about twenty families, made in Italy, Spain, Portugal, Romania, Argentina, Brazil, Chile and Colombia, obtaining ISO 14067:2018 certification of conformity.

Drawing on the technical knowledge and experience of the various business functions, Prysmian teamwork made it possible to respond to increasingly stringent market requirements on environmental matters, establishing the groundwork for a systematic approach at Group level to the quantification of the carbon footprint of products.

### EPD (Environmental Product Declaration) for Delft products

Stedin, a Dutch utility, invited Prysmian Netherlands, as one of its main suppliers of power cables, to explore the use and the strengths of an LCA tool (ISO 14040 / ISO14044, ISO 14025 and EN15804) developed by EcoChain to carry out the following analyses on a complete set of products:

1. EPD (Environmental Product Declaration);
2. ECI (Environmental Cost Indicator, a monetary value aggregating all the environmental impacts analysed);
3. CO<sub>2</sub> eq footprint ("cradle to gate").

This tool was used to analyse the entire product range of the Delft plant: almost one hundred different cables for electricity transmission and distribution grids.

The results will be discussed with the customer and the possibility of sourcing metals with a reduced environmental impact is already being considered. Preparations are also being made to carry out this analysis more frequently and more simply, for other plants and products in the Netherlands.

Such analyses, covering a vast range of products, will provide input for new innovation programmes addressing sustainable products and for the selection of suppliers of materials with a reduced environmental impact.

## ENVIRONMENTAL PERFORMANCE

In terms of environmental impacts, the Group reports in this document those that are most significant in terms of responsibility towards employees, local communities and as a competitiveness and value factor for the Group. These aspects are:

- 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;
- recycled waste - hazardous and non-hazardous (part of those referred to in the previous point);
- greenhouse gas emissions (GHG), 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;

Based on assessments and 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.

Further details on performance indicators, perimeter and reporting methods are available in the "Notes on the data and information".

In the three-year period 2017-2019, the Group did not receive significant sanctions (monetary<sup>40</sup> or other) in cases of regulatory non-compliance in the environmental field.

The matters identified during periodic internal checks or visits from external bodies or customers are managed directly by the sites concerned, which determine the actions to be implemented and the related timing. Should it not be possible to meet the deadline for the restoration of conformity, the management of the sites concerned arrange, with support from the country HSE function, to contact the supervisory bodies, confirming the willingness of Prysmian to implement the necessary measures and justifying the request to extend the deadline dates established by them.

As in the prior year, environmental data was estimated for those plants (2 in 2019, +2%) that do not have reliable information.

<sup>40</sup> For monetary sanctions, significant means amounts above Euro 10,000.

## ENERGY CONSUMPTION

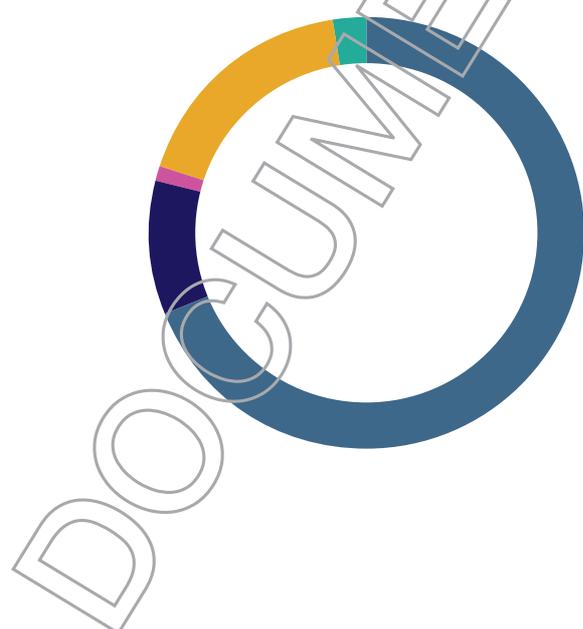
Total energy consumption by the Group increased in 2019 due, largely, to inclusion of the wire rod production sites and to production (and therefore consumption) by the former General Cable sites for the entire reporting year.

Prysmian Group 2019	
<b>Energy consumed (GJ)</b>	<b>Total 2019</b>
Electricity purchased	4,667,246
Electricity covered by renewable energy certificates (Guarantees of Origin)	1,721,844
Natural gas	3,256,405
LPG	118,990
Petrol	11,965
Diesel	112,545
Fuel oil	31,321
Steam (purchased, not produced internally)	8,242
Heat (purchased from distribution networks)	0
Chilled water	1,054
<b>Total</b>	<b>10,034,549</b>

Energy consumed (GJ)	Total 2018		Total 2017
	Prysmian Group w/o General Cable	ex General Cable (Jun-Dec 2018)	Prysmian Group
Electricity	3,612,696	871,888	2,803,119
Electricity from renewable sources	1,399,006	0	1,402,128
Natural gas	2,045,370	481,569	1,824,271
LPG	64,536	23,764	67,216
Petrol	8,547	613	2,183
Diesel	102,382	12,894	101,386
Fuel oil	47,966	2,818	20,931
Steam (purchased, not produced internally)	17,396	0	23,642
Heat (purchased from distribution networks)	116,710	0	76,027
Chilled water	169	995	6,982
<b>Total</b>	<b>7,414,778</b>	<b>1,394,541</b>	<b>6,327,885</b>

As can be seen from the charts below, power cable production is the most energy-consuming Product Line, consuming 68.7% of total energy.

### ENERGY CONSUMED BY PRODUCT LINE (2019)



- 68.7% Energy Cables
- 9.8% Telecom Cables
- 1.2% Accessories
- 17.9% Optical Fibre
- 2.4% Wire rod

With regard to energy intensity in comparison to 2019 production volumes, the following table shows the values for individual Product Lines:

Energy consumed per Km/Ton of product	Prysmian Group (2019)			
	Power Cables GJ / Ton	Telecom Cables GJ / Km	Optical fibre GJ / Km	Wire rod GJ / Ton
	3.46	0.02	0.04	2.05

## GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions, measured in tonnes of CO<sub>2</sub> equivalent, were calculated using the methodologies indicated in “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition, 2004)” considering, for the Scope 1 GHG emissions (direct greenhouse gas emissions), the consumption of fuels, the release of overflow refrigerant gas and the release of SF<sub>6</sub> and, for the Scope 2 GHG emissions (indirect emissions of greenhouse gases), the consumption of purchased energy (mainly electricity).

The Prysmian Group is a multinational and diversified concern; for this reason, and consistent with the requirements of the reporting standard, two main methods for accounting for emissions in Scope 2 are used: the Location-based method and the Market-based method. Both methods, described below, are recognised and required by the GHG Protocol and are necessary for the reporting of Scope 2 emissions in the “CDP’s Climate Change programme” starting in 2016.

Location-based	Market-based
This is a method for quantifying Scope 2 CO <sub>2</sub> emissions based on average emission factors for energy generation by well-defined geographical boundaries, including local, sub-national or national boundaries.	It is a method to quantify the CO <sub>2</sub> emissions of Scope 2 based on the CO <sub>2</sub> emissions emitted by the energy suppliers from which the reporter (company that compiles the report) purchases, through a contract, an electricity package. Markets differ on the contracts available for the purchase of energy or on the claim of specific attributes, but may include: guarantee certificates of energy origin and direct contracts with suppliers (RECs, GOs, I-REC, etc.); supplier-specific emission factors; default emission factors that represent uncontrolled or unclaimed energy and emissions (defined as “residual mix”); regional or sub-national medium or national emission factors.

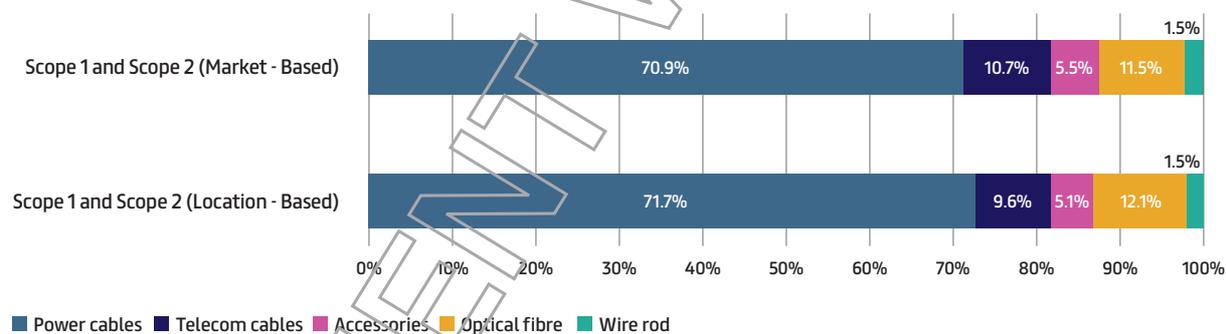
The location-based emissions of the Prysmian Group totalled 918,899 t CO<sub>2</sub> in 2019, up by 3% compared with 2018.

Also in 2019, the Prysmian Group purchased Guarantee of Origin certificates from some European suppliers, with the aim of reducing the corresponding CO<sub>2</sub> emissions in accordance with the Market-based calculation method.

Prysmian Group 2019			Total 2019
Emissions in tCO <sub>2</sub>			
Scope 1	Direct emissions from combustion		204,069
	Emissions from refrigerant gas leaks		9,724
	Emissions from SF <sub>6</sub> gas leaks		116,123
	<b>Total Scope 1</b>		<b>329,916</b>
Scope 2	Location-based		588,983
	Market-based		540,565
Total	<b>Scope 1 and Scope 2 (Location Based)</b>		<b>918,899</b>
	<b>Scope 1 and Scope 2 (Market Based)</b>		<b>870,481</b>

Emissions in tCO <sub>2</sub>	Total 2018		Total 2017	
	Prysmian Group w/o General Cable	ex General Cable (Jun-Dec 2018)	Prysmian Group	
Scope 1	Direct emissions from combustion	138,033	31,444	113,973
	Emissions from refrigerant gas leaks	7,077	2,085	5,887
	Emissions from SF <sub>6</sub> gas leaks	128,427	23,028	108,997
	<b>Total Scope 1</b>	<b>273,538</b>	<b>56,557</b>	<b>228,857</b>
Scope 2	Location-based	483,243	82,969	420,443
	Market-based	441,548	87,779	320,422
Total	<b>Scope 1 and Scope 2 (Location Based)</b>	<b>756,781</b>	<b>139,526</b>	<b>649,299</b>
	<b>Scope 1 and Scope 2 (Market Based)</b>	<b>715,086</b>	<b>144,336</b>	<b>549,279</b>

#### EMISSIONS BY PRODUCT LINE (2019)



With regard to emissions intensity with respect to 2019 production volume, the following table shows the values for the individual product lines:

Prysmian Group 2019					
Emissions per Km/Ton of product		Energy cables tCO <sub>2</sub> eq / Ton	Telecom cables tCO <sub>2</sub> eq / Km	Optical fibre tCO <sub>2</sub> eq / Km	Wire rod tCO <sub>2</sub> eq / Ton
Scope 1		0.10954	0.00038	0.00095	0.09521
Scope 2	Location-based	0.21600	0.00144	0.00146	0.01570
	Market-based	0.19500	0.00154	0.00121	0.00977
Total	Scope 1 and Scope 2 (Location-Based)	0.32554	0.00182	0.00241	0.11091
	Scope 1 and Scope 2 (Market-Based)	0.30454	0.00192	0.00216	0.10497

Also, with regard to Scope 1 emissions, it should be noted that refrigerant gas refills, which are considered in order to quantify the relative fugitive emissions, do not occur consistently every year but are instead carried out intermittently (according to need) even at long-term intervals, resulting in a minimally linear trend, with possible jumps up and down.

## WASTE

The main types of waste generated by productive activities have been split into specific categories, classifying their level of danger (hazardous waste and non-hazardous waste) according to the related classification system, regardless of the country of origin and disposal of the waste. An exception is made for certain types of waste (such as laboratory chemicals), whose allocation among the categories depends on local regulatory requirements.

Overall, the quantity of waste produced by the Prysmian Group in 2019 totalled 169,618,723 tonnes; hazardous waste represented 8.4 % of the total of waste produced.

Prysmian Group 2019			
Waste produced by type [kg]	Total 2019		
Hazardous	14,184,343		
Non-hazardous	155,434,381		
<b>Total</b>	<b>169,618,723</b>		

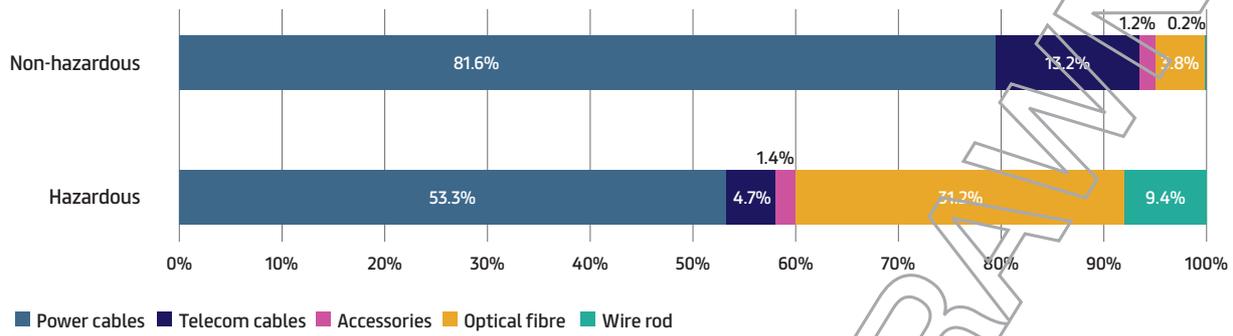
  

Waste produced by type [kg]	Total 2018		Total 2017
	Prysmian Group w/o General Cable	ex General Cable (Jun-Dec 2018)	Prysmian Group
Hazardous	11,720,722	2,153,895	9,820,557
Non-hazardous	111,677,586	21,860,439	87,147,815
<b>Total</b>	<b>123,398,308</b>	<b>24,014,334</b>	<b>96,968,372</b>

As can be seen from the following charts, the production of power cables generates the majority of hazardous waste: 53.3%.

By contrast with reference to **non-hazardous waste**, certain types are eliminated intermittently, based on production needs and therefore even every few years, resulting in non-linear trends with large swings in either direction. In addition, since certain types of waste are production performance indicators, especially scrap metals, the central functions (HSE and Manufacturing) are carrying out detailed checks to align at Group level the way that waste is collected and reported.

**WASTE PRODUCED BY PRODUCT LINE (2019)**



Prysmian Group 2019				
	Power Cable Kg / Ton	Telecom Cable Kg / Km	Optical Fibre Kg / Km	Wire rod Kg / Ton
Hazardous waste per Km/Ton of product	3.79	0.81	0.10	11.18
Non-hazardous waste per Km/Ton of product	63.59	0.43	0.13	2.07

As specified in the 2017 Consolidated Disclosure of Non-financial Information, Prysmian performed a more detailed analysis of its waste disposal method for the different categories of waste generated. This assessment showed that 63% waste is recycled and 22% is sent to landfill.

Prysmian Group 2019			
Waste by disposal method [kg]	Hazardous	Non-hazardous	Total 2019
Landfill	1,479,197	36,188,777	37,667,973
Incinerator	4,085,358	8,503,737	12,589,096
Recycled	7,336,840	99,350,854	106,687,693
Other	1,282,948	11,391,013	12,673,961
<b>Total</b>	<b>14,184,343</b>	<b>155,434,381</b>	<b>169,618,723</b>

**WASTE BY DISPOSAL METHOD**



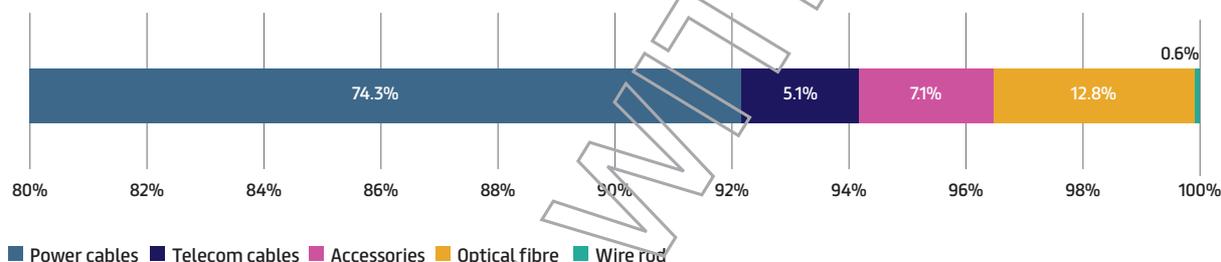
### CONSUMPTION OF WATER RESOURCES

Power cables represent the product line with the greatest impact on the consumption of water, drawing 74.3% of the Group's water resources in 2019.

Prysmian Group 2019	
<b>Water drawn [m<sup>3</sup>] by source</b>	<b>Total 2019</b>
Water from wells	5,376,641
Water from other sources	1,366,361
Water from public water main	2,872,935
<b>Total</b>	<b>9,615,938</b>

Water drawn [m <sup>3</sup> ] by source	Total 2018		Total 2017
	Prysmian Group w/o General Cable	ex General Cable (Jun-Dec 2018)	Prysmian Group
Water from wells	5,148,616	482,398	4,643,203
Water from other sources	1,435,070	69,946	713,627
Water from public water main	2,069,013	433,827	1,697,720
<b>Total</b>	<b>8,652,699</b>	<b>986,171</b>	<b>7,054,550</b>

### WATER CONSUMPTION BY PRODUCT LINE [2019]



With regard to water consumption per ton or km of product in comparison to 2019 production volumes, the following table shows the values for individual Product Lines:

Prysmian Group 2019				
Water consumption per Km/Ton of product	Power Cable m <sup>3</sup> / Ton	Telecom Cable m <sup>3</sup> / Km	Optical Fibre m <sup>3</sup> / Km	Wire rod m <sup>3</sup> / Ton
	3.58	0.01	0.03	0.48

## PERCENTAGE OF PROCESS WATER RECIRCULATED

Process water - e.g. that used to cool semi-finished products - is recirculated at numerous plants, in whole or in part depending on the situation, in order to avoid excessive consumption. In order to better understand the degree of efficiency achieved in the use of water, the application of the methodology, devised in collaboration with the Merlino plant, to determine the "percentage of water recirculated" with respect to total water consumption has been extended. The concept is based on how much is saved (compared with not having a recirculation plant) in relation to the total quantity of water consumed for processing reasons (due to evaporation, occasional emptying of the circuit, or the lack or only partial installation of a recirculation plant).

With regard to the Prysmian Group, it was possible to acquire information on 80% of plants, with results showing that almost all of the production units possess recovery systems; with water recirculation percentages of up to 99% in 45% of cases, between 90% and 99% in another 45% of cases, and less than 90% in 10% of cases<sup>41</sup>, with scope for improvement. The percentages stated above may of course change as application of the formula is extended to other plants, in order to obtain full coverage of the Group.

We began to collect data in 2019 about the quantity of water returned to surface reservoirs. This data was only provided by a limited number of operating units and, accordingly, was not considered representative at Group level. It has not been reported in this document.

## IMPROVEMENT INITIATIVES

Various initiatives to improve environmental management were implemented during the year, including:

- La Pointe – Canada: reduction in the consumption of water by perfecting an automatic dosage system that reduces the frequency of discharging and refilling.
- Montereau (France): an action plan to reduce waste from the extruder was implemented successfully.
- Tetla (Mexico): energy consumption was reduced by the optimisation of machine start-ups and the hours of maximum usage. In addition, water consumption was reduced by daily monitoring.
- Paragould: the installation of an evaporator drastically reduced emulsion waste.
- Claremont Cable: packaging waste was reduced via the improved use and reuse of pallets and cardboard packaging materials. In addition, the disposal of batteries was reduced by transitioning to lithium batteries.
- Lexington: the process for the reuse of acetone has been improved, reducing the volume sent for disposal.
- Wrexham (UK): improved reuse of pallets.
- Aberdare: upgrades to the machines in the compounds room reduced losses and therefore scrap. Additionally, workers have been encouraged to reduce the number of machine start-ups.
- Livorno: the consumption of SF<sub>6</sub> gas has been reduced following periodic maintenance work on the recycling plant.
- Morelena Energy and Telecom: the volume of compound scrap has been reduced thanks to a PVC "microniser", which reuse of the polymer possible in other production cycles.

<sup>41</sup> The countries that have provided these results are Argentina, Brazil, Canada, China, Chile, Colombia, Ivory Coast, Costa Rica, Estonia, Philippines, France, Germany, Indonesia, Italy, Malaysia, Mexico, Norway, Netherlands, Oman, Portugal, Czech Republic, Romania, Russia, Slovakia, Spain, Sweden, Thailand, Turkey, UK, Hungary, USA

## SHIPPING FLEET

The Prysmian fleet, comprising three vessels (the Giulio Verne, the Ulisse and the Cable Enterprise) is managed by Prysmian Power Link (PPL). With regard to environmental performance, the fuel consumption data is provided below together with the related CO<sub>2</sub> emissions (Scope 1) and the waste transferred by the vessels to the competent maritime authority (under the MARPOL regulations) in the 2019 reporting year.

Energy and shipping fleet emissions 2019		
Fuel	Energy [GJ]	Emissions [tCO <sub>2</sub> eq]
Diesel	116,820	8,280
Marine Gas Oil	168,417	12,087
<b>Total</b>	<b>285,237</b>	<b>20,367</b>

Waste shipping fleet 2019	
Type	Quantity [kg]
Oily water	87,525
Sludge	116,375
Chemical detergents	2,362
Plastic	52,920
Domestic waste	172,862
Other	3,619
<b>Total</b>	<b>435,663</b>

# Our customer-centric approach

Central to our activities: our customers.

Customers are central to everything we do, we work to meet their needs in the most efficient and satisfactory manner possible, from design to execution. Our cables are made to meet customer needs. We collaborate with them when developing new products, many of which are designed for greater sustainability. During custom-made projects, customers are invited to our plants in order to supervise the production process.

The Prysmian Group monitors customer satisfaction via web surveys and personal interviews and, in addition, ensures an element of flexibility throughout the entire supply chain with a view to accelerating the time to market and adapting to customer requirements in each sector.

The global footprint of the Prysmian Group means that we are well positioned to respond to the different needs of customers, serving highly differentiated segments and markets thanks to a matrix organisational structure: from highly specific local markets with the business and development structures of individual countries, to the global customers for which our business units in different countries cooperate.

## UNDERSTANDING THE NEEDS OF OUR CUSTOMERS

### Personal interviews

Prysmian Group began to carry out personal interviews in 2015. These interviews are carried out annually with strategic customers and managed directly by the Group's E&I Customer Centricity manager, in close collaboration with the sales functions at country/region level. The topics covered include conditions of sale, product range, logistics and services, marketing and branding, and overall business strategies.

During 2019, 25 key customers were interviewed in Norway, Finland, Sweden, Denmark, the Netherlands and the United States. As a result, specific actions were identified for development in 2019, in order to respond to the needs expressed by customers in different geographical regions.

For the first time since the merger with General Cable, during 2019 this activity involved all 3 major Group brands - Prysmian, Draka and General Cable.

### Web surveys of customer satisfaction

Prysmian carries out web surveys to measure the level of customer satisfaction and improve the level of problem solving achieved. These surveys are carried out using a platform connected with Salesforce, the Prysmian Customer Relationship Management (CRM) system, thus allowing countries that already use the CRM to view the survey results on their portals. The surveys examine the conditions of sale, products and services, customer support, brand awareness and the ranges offered, identifying at least 28 main drivers in these categories.

The 2019 web questionnaires were used in northern Europe (Sweden, Norway, Denmark, Finland) and in Spain; on a scale from 1 (minimum) to 5 (maximum), the following average scores were obtained across 30 drivers.

Country	Average Importance for Customers vs Driver	Average Customer Satisfaction vs Prysmian
Denmark	3.7	3.5
Finland	4.0	3.8
Norway	4.2	3.6
Sweden	4.0	3.7
Spain	4.1	3.5

The web questionnaire approach was agreed with various countries during 2019, starting in southern Europe (France and Italy, in particular), thus enabling other business units, countries and/or regions to leverage a common methodology and, at the same time, carry out independent surveys based on their needs during the year.

## RAPID, TARGETED AND EFFICIENT RESPONSES

### Plant reliability

The objective of this process is to improve reliability in the planning and execution of outputs (including response times) and rigorous stock control for each type of component.

### Supply chain integration

The "supply chain integration projects"<sup>42</sup> developed with a number of key global customers seek to improve processes throughout the entire chain, from the producers of raw materials to the end user.

### Fast Order Entry

This project will reduce the time taken to input and process orders, considerably improving the flexibility, timeliness and efficiency of deliveries by all our logistics operations.

## INNOVATIONS FOR CUSTOMERS

### Cable App

The Cable App project has been developed over the past year, as part of innovation in the area of customer centrality. The main purpose of this App is to identify the most suitable cable and cross section based on the electrical installation parameters, as well as to offer video and technical content to the installers. A reseller locator function is also available.

This tool offers the following benefits:

- improved communications between installers and professionals,
- reduced total cost of ownership (TCO),
- enhanced positioning of Prysmian as an important player in the digital market, differentiated from competitors by a solution that is easy to use, complete and professional.

The App is available to both customers and installers in Spain, the Netherlands, the United Kingdom, Italy, Turkey, Norway and Argentina. A global launch plan has also been prepared.

<sup>42</sup> For further information, follow this link: <https://www.prysmiangroup.com/it/sostenibilita/responsabilita-ambientale/supply-chain>

## Customer portals

The main objective of the customer portals made available in each country, consistent with the customer centricity strategy developed in all regions, is to enhance customer satisfaction and automate customer service.

The development of customer portals at country level adds value in various ways:

- reduced need to contact the Prysmian back office by telephone;
- access to a digital infopoint;
- 24/7 access to the information needed;
- optimised procurement cycle;
- order tracking;
- access to information about product availability.

## MANAGEMENT OF COMPLAINTS

A fundamental element in the customer centricity strategy is the attention paid to product quality and availability. For this reason, it is very important for the Group to manage complaints received from customers in a proper manner.

A complaint is defined as all written notification from a customer about a potential product non-conformity that is recognised as such by Prysmian. A product non-conformity represents all deviations from standards, specifications, procedures or regulations that may have a direct or indirect impact on product quality.

Product complaints are managed using the 8D problem analysis method. Complaints received are sent to the competent office (quality or logistics), which investigates the non-conformity identified. After the presence of a non-conformity has been confirmed or denied, the sales office takes responsibility for managing the complaint.

The Group recorded 8% fewer complaints in 2019 than in 2018; in particular, 2,927 complaints were received, compared with 3,187 in 2018<sup>43</sup>. This reduction is all the more significant because the reporting system is more robust than it was in the prior year, with SAP coverage rising to 67%. The other 33% of plants continue to report their data on Excel sheets.

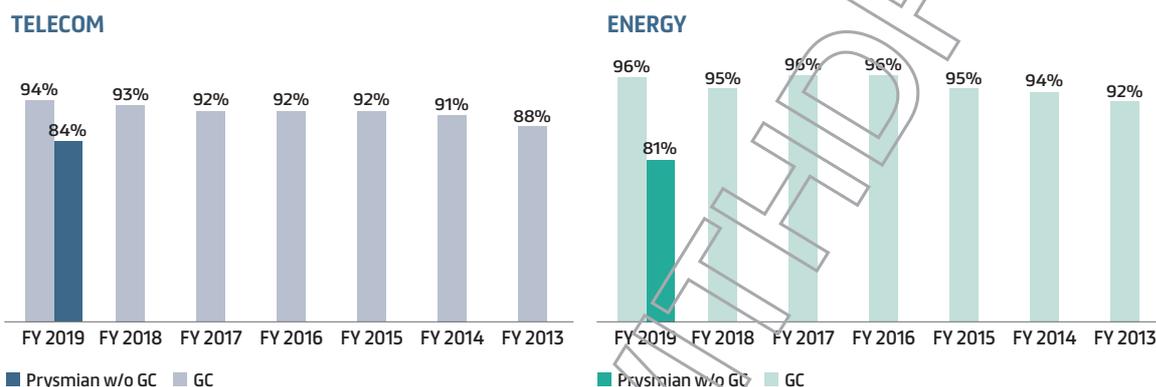
<sup>43</sup> The 2018 Non-Financial Declaration stated that the Group had received 1,864 complaints from customers in that year. As an improvement, the revised 2018 data presented above includes the former General Cable perimeter.

## SERVICE TIMELINESS AND EFFICIENCY

The Prysmian Group continued its strategic focus on Customer Centricity during 2019, stabilising the high level of service achieved in terms of delivery reliability and starting work to reduce the lead-time between the receipt of an order to delivery of the product to the customer.

Prysmian has confirmed our strong orientation to continuous improvement in the **punctuality and reliability** of our processes. As highlighted in the chart below, in 2019 the On Time Delivery (OTD) parameter, which measures the ability to respect the delivery date promised to the customer upon confirmation of the order, maintained the high levels of reliability achieved in the previous year in both the Energy Products and Telecom areas.

### On Time Delivery



The former General Cable plants, now part of the Prysmian Group, started to collect reliability information systematically in 2019<sup>44</sup>,

In order to **accelerate customer response times**, Prysmian continued during 2019 to implement a strategy for reducing the time taken to input and manage sales orders. This has improved telephone waiting times for customers and increase the 'quality' time available to manage their orders.

Since the **immediate availability** of goods has become increasingly important in order to meet the needs of customers, during 2019 the Group maintained and expanded to additional plants the monitoring of available stocks, with a view to improving the time to market. The weekly availability of each category of Make-to-Stock products (high, medium and slow rotation) is monitored against the minimum stock-holding levels established with reference to annual sales (stock fill rate). For monitoring purposes, an interactive stock control system has been made implemented, filtered by product category and plant. A minimum stock level is calculated for each product code and the possible stock out is highlighted.

To limit possible delays and improve the reliability of the business, even for 'Make-To-Order' products, the CLIP index is updated weekly on the SAP 1 Client platform. Supplementing the traditional service indicators, this index measures the reliability of production compared to planned targets.

<sup>44</sup> The Prysmian plants within the former General Cable perimeter calculate On Time Delivery (OTD) in a different way to the other Prysmian Group plants, which have carried out this analysis since 2013. In addition, the data for 6 GC plants (4 for Energy and 2 for Telecom) has been included in the Prysmian data since their migration to the SAP system. With regard to the methodology adopted, the data for both Prysmian and GC plants represents the average of the OTDs of each plant, as weighted using the number of lines shipped.

## SALES & OPERATIONS PLAN

The Supply Chain function manages short and medium-term production allocations and planning through the Sales & Operations Planning (S&OP) process, which links the demand cycle (sales) with the supply cycle (manufacturing and procurement).

The planning activity cannot be separated from the maintenance of high customer satisfaction and from the rapid rotation of inventories to support cash generation.

“Enhanced supply chain” means providing excellent service to our customers while maintaining the connotations of flexibility, agility and adaptation to market changes, guiding the supply and production network through an increasingly optimised production allocation able to leverage the industrial Footprint of the Group.

The process of implementing the global planning of Sales & Operations at all former General Cable plants and distribution centres continued during 2019. This has improved the availability of products for the Group’s various businesses, fuelling more specific production allocations at the level of individual business applications, with intercompany flows supporting the growth and optimisation of production costs.

In the field of optical fibre cables, there was a shortage of supply during the first half of 2019, as in the 2 prior years; by contrast, there was a significant drop in sales and production during the second semester. Intercompany flows in the optical fibre telecom cables businesses remained stable at 30% globally and 50% at European level. The Supply Chain function guided the allocation of supplies, maximising the availability of optical fibre for the Group during the first semester and optimising customer services during the second half of the year.

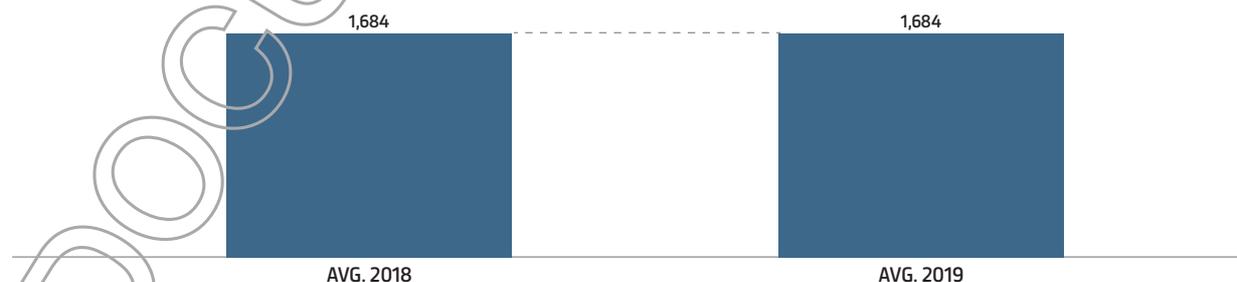
Intercompany flows in the energy business were also differentiated in 2019. The regional organisation that groups business units enabled the supply chain to reach and maintain intercompany flows at around the 20% level.

## OPTIMISATION OF INVENTORIES

During the first half of 2019, the Supply Chain consolidated the inventory reduction efforts made within the former General Cable perimeter, reaching the same level of stock optimisation achieved within the former Prysmian perimeter. In particular, inventory synergies worth Euro 100m were released, principally from the North America and Latin America perimeter.

The second part of 2019 was marked by the greater variability of demand and an increase in the volatility of the business. Lower sales by the Optical Telecom business and the existence of several major contracts in the Projects, SURF (Subsea Umbilicals, Risers & Flowlines) and Oil & Gas area resulted in a temporary increase in inventories; as a result, Supply Chain effort was focused on maintaining a proper balance between stock rotation and sales.

### AVG. MONTHLY NET INVENTORY (m€)



# Sustainable supply chain

The Group constantly strengthens relations with strategic suppliers, seeking to build together a common organisational process focused on sustainability throughout the entire production chain.

The main Group suppliers provide the principal raw materials used by Prysmian in the production processes: copper, aluminium, lead, various petroleum derivatives (such as PVC and polyethylene) and components for Power and Telecom cable accessories, as well as special types of glass and sheathing for optical fibre.

During 2019, the Prysmian Group successfully managed to include the entire General Cable perimeter in the quantitative reporting of ESG factors. This milestone has made it possible to guarantee that the five priorities underlying management of the supply chain are implemented and monitored by the Group as a whole. These priorities include environmental and social objectives:

- only use qualified suppliers;
- only use materials whose technical characteristics have been authorised;
- develop strategies for commodities that guarantee continuity of supply and availability of the required volume. In particular, the financial health of the supplier is important, as is only modest dependency on specific suppliers by Prysmian;
- guarantee on-time delivery and a high level of quality over time;
- ensure competitive prices.

Additionally, the strategic management of the Prysmian Group supply chain is based on a defined process that takes ESG factors in account:

- risk assessment;
- identification of critical suppliers;
- supplier management and performance evaluation;
- search and selection of the supplier according to standardised processes.

In relation to these, Prysmian identified and developed 3 main macro-activities for the enhancement of sustainability aspects:

1. subscription to ethical standards in the introduction of new suppliers: Code of Ethics and Code of Business Conduct, definition of Conflict Minerals Policy and Human Rights Policy. These documents also apply to the new perimeter;
2. sustainability assessment of the current supply chain: Sustainability Desk Analysis, Risk Analysis and self-assessment questionnaires on sustainability issues;
3. management and improvement of sustainability aspects: implementation of actions with a view to achieving the objectives included in the Sustainability Scorecard.

As announced last year with regard to the Assessment, Management and Improvement of sustainability matters within the Group supply chain, during 2019 Prysmian included the suppliers within the General Cable perimeter in the new Sustainability Desk Analysis and Risk analysis, thus ensuring complete and effective analysis of the areas/suppliers with potential ESG risks.

## OUR SUPPLIERS

The majority of the Group's purchases of raw materials comprise metals (especially copper and aluminium), which are fundamental resources for Group activities.

With regard to the procurement of metals, Prysmian purchases copper and aluminium wire rod from the world's leading manufacturers, as raw material for the manufacture of conductors for cables. Only in specific cases, Prysmian self-produces copper wire rod starting from copper cathodes and aluminium wire rod, liquid aluminium, or from ingots. In such cases, the volumes produced are less than 10% for copper and 25% for aluminium compared to total consumption. The Group uses about 2-3% of the world's copper production and about 7% of the copper used in the electrical and electronic sector. Given the highly fragmented copper market, the Prysmian Group is one of the leading economic players in the sector.

The Group's sourcing of metals takes two strategic directions taking into account:

- the importance of suppliers within the Group's value chain;
- the high consumption of metal;
- the wide geographical distribution of Prysmian production sites.

Prysmian seeks to use the most integrated manufacturers who can guarantee long-term supplies and have direct access to raw materials (mining or concentrates), thus creating real industrial partnerships so as to ensure supplies in the long run through reciprocal volume commitments.

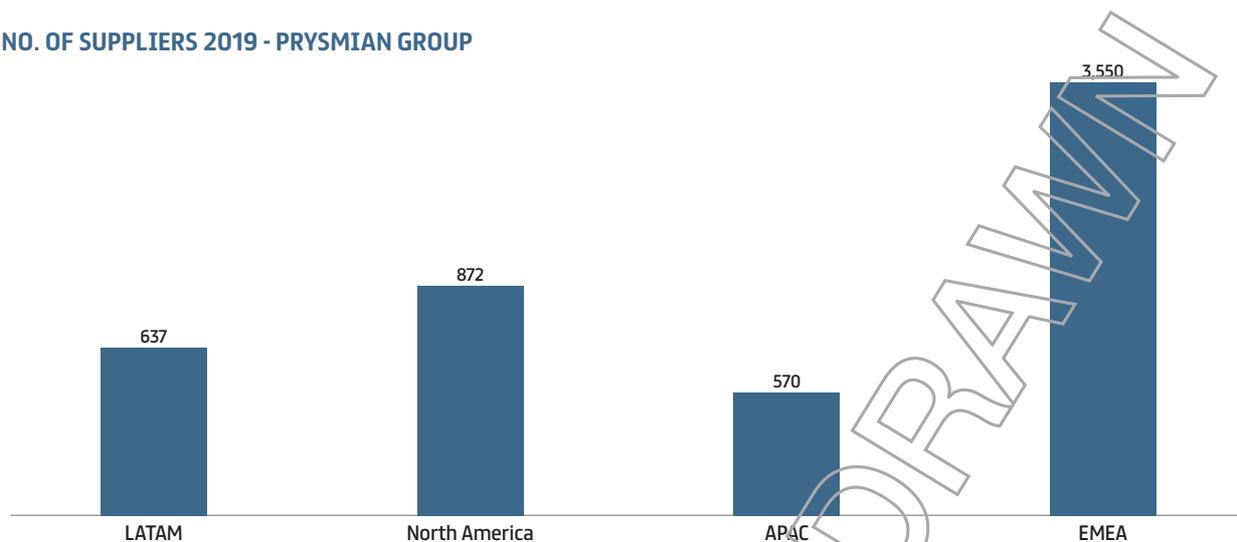
The Group also works with the world's leading producers, with the aim of ensuring the most efficient coverage of its needs, optimising the metal logistics chain through short-term agreements (typically annual and with high flexibility of volumes) in order to ensure greater reactivity.

Also with regard to the purchase of aluminium, the Group focuses increasingly on suppliers that are vertically integrated (with processes that manufacture aluminium rod directly from aluminium oxide), in preference to those that are not integrated (manufacturers that smelt aluminium ingots in order to produce rod). This strategy assures the security of supplies and also has cost and environmental advantages, due to simplification of the logistics and elimination of the ingot re-smelting cycle.

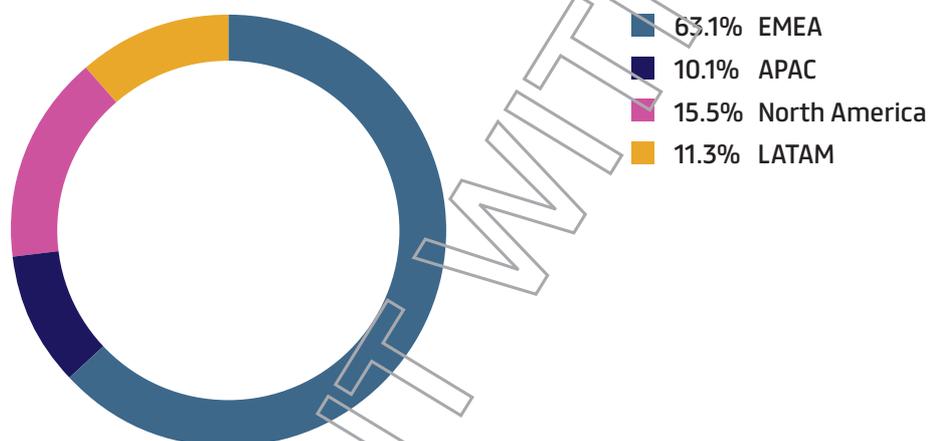
Lastly, given that the aluminium production process requires considerable electricity consumption, Prysmian has included the carbon footprint associated with the various production processes as a supplier selection criterion, assigning a consideration portion of the business portfolio to suppliers capable of supplying aluminium with a lower environmental impact.

Long-term strategies for the purchase of copper and aluminium naturally lead Prysmian to work with the largest and most important companies in the respective sectors. With regard to the principal quantities of non-ferrous metals, this approach enables the Group to deal with suppliers that focus strongly on all aspects of sustainability, thus creating a highly sustainable end-to-end cycle. Integration with General Cable has also added an aluminium wire rod production facility to the business in North America. This activity is well integrated with group strategies as the wire rod is produced directly from liquid aluminium sourced from a neighbouring supplier.

**NO. OF SUPPLIERS 2019 - PRYSMIAN GROUP**

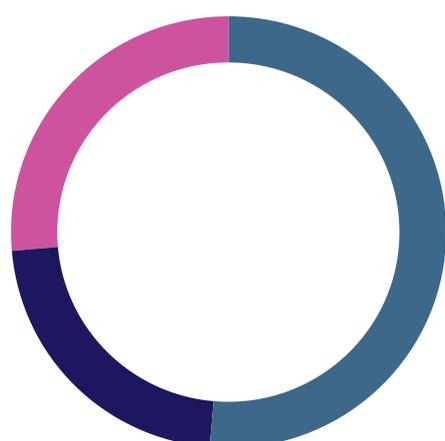


**% SUPPLIERS 2019 - PRYSMIAN GROUP**



Number of suppliers by geographical area			
	2019 (Prysmian Group)	2018 (Prysmian Group w/o General Cable)	2017 (Prysmian Group)
EMEA	3,550	3,083	3,262
APAC	570	525	607
North America	872	641	632
LATAM	637	493	434
<b>Total</b>	<b>5,629</b>	<b>4,742</b>	<b>4,935</b>

## PERCENTAGE SPENDING ON SUPPLIERS 2019 - PRYSMIAN GROUP



- 51% Base metal
- 22% Raw material
- 26% Non-raw material

	Goods and services purchased locally [%] <sup>45</sup>		
	2019 (Prysmian Group)	2018 (Prysmian Group w/o General Cable)	2017 (Prysmian Group)
EMEA	70.4	69.4	63.2
APAC	84.9	62.0	71.9
North America	94.4	70.9	66.3
LATAM	82.6	65.5	73.2

The Group definition of "local" is all those suppliers whose operational headquarters are in the same country as the legal entities of Prysmian.

## NON-RENEWABLE RAW MATERIALS 2019 - PRYSMIAN GROUP



- 58% Metals
- 21% Compounds
- 18% Ingredients
- 1% Chemical products
- 2% Other (paper, yarns, tapes, oil)

	Total non-renewable raw materials purchased [kTon]		
	2019 (Prysmian Group)	2018 (Prysmian Group w/o General Cable)	2017 (Prysmian Group)
Metals	1,126	672	667
Compounds	405	254	241
Ingredients	349	229	222
Chemical products	10	6	5
Other (paper, yarns, tapes, oil)	41	19	19
<b>Total</b>	<b>1,931</b>	<b>1,180</b>	<b>1,154</b>

In 2019, around 10% of the raw materials used were recycled materials.

<sup>45</sup> The calculation of the percentage excludes data relating to Italian and Corporate suppliers. The 2018 data related to the Prysmian Group w/o General Cable. By contrast, the 2019 date relates to the Prysmian Group. The calculation methodology adopted in 2018 was used for the legacy Prysmian plants and the former General Cable plants except, in the latter case, for those located in North America, for which precise calculations were made with reference to the location of the supplier.

## RESPONSIBLE VALUE CHAIN

### CODE OF BUSINESS CONDUCT AND OTHER POLICIES

With a view to ensuring that ethical, economic, environmental and social standards are met throughout the value chain, in 2014 the Prysmian Group decided to promote a responsible and sustainable chain of supply by adopting a **Code of Business Conduct**. This Code took effect in 2015 and applies to all employees and business relations. The principles set down in the Code apply to the business transactions and daily activities of the employees of all Group entities and their suppliers, commercial partners, commercial agents, sub-contractors and distributors.

The document covers the following topics:

- business integrity (fair trade, conflicts of interest, gifts and offers of entertainment, corruption, accountability);
- human rights and workers' rights (under-age working and slavery, occupational health and safety, non-discrimination, freedom of association and collective bargaining);
- environment (principle of precaution, use of raw materials and compliance, energy consumption, greenhouse gases and other emissions, use of water, production of waste and recycling).

Prysmian's application of the related guidelines is highlighted to suppliers at the scouting and qualification stages. In addition, the Group's Human Rights Policy was extended by adding a specific chapter on the monitoring and identification of potential breaches in the supply chain, with remedial action and, if necessary, the exclusion from all commercial and business relations of suppliers that do not respond promptly to the standards required.

Additionally, from 2017, the Prysmian Group applies a Conflict Minerals Policy, with the aim of guaranteeing its customers a "Conflict Minerals free" supply chain through the following activities:

- identification of purchased materials/semi-finished products containing 3TG (tin, tungsten, tantalum and gold from the Democratic Republic of Congo or neighbouring countries);
- request to all regular suppliers regarding the sourcing of minerals used in their production processes (through formats and international standards);
- analysis of information received and implementation of corrective actions.

The analysis of suppliers used in 2018 was completed during 2019. Considering the 4 minerals covered by the Conflict Materials Policy, the Group purchases limited quantities of tin. Analysis of all 48 suppliers of tin to the Group identified their original sources, comprising 68 different smelters; of these, 65 are certified "DRC Conflict-free" by the Responsible Mineral Initiative (RMI). The remaining 3 were the subject of an analysis in accordance with instructions issued by the RMI ("Reasonable Country of Origin Inquiry"). Overall, the investigation did not identify any risk in this area.

Lastly, Group management of potential risks in the business relationship includes supplier approval of Prysmian's Code of Ethics. In particular, whenever a contract is awarded, the supplier must accept and sign the Group's Code of Ethics, in full awareness of the related rights and obligations.

## ANALYSIS AND MANAGEMENT OF SUPPLIERS

With regard to the management of the supplier base, Prysmian qualifies its suppliers through a formal process based on technical, economic and financial analysis; it examines information and data on, for example, the risk of dependence on the supplier or the technical and technological capacity and skills of the suppliers.

In order to monitor the sustainability of the supply chain and reduce possible negative impact, the Group also analyses, on a centralised and integrated basis, all risks and opportunities associated with the supply chain, focusing on the risks deemed most critical by the Group.

During 2019, the Prysmian Group finalised an internal Supply Chain Strategy document that governs the entire supply chain of the materials needed. The process involved envisages:

- A risk analysis by supplier for a large percentage of expenditure (the Group covered 63% of total expenditure in 2019) using the Desk Analysis & Risk Analysis tool. The Desk Analysis carried out in 2019<sup>46</sup> with regard to the Group's strategic suppliers of base metals and raw materials covered three areas in particular: management systems governing ethical sustainability and integrity, the environment, and human rights and workers' rights.
- Identification of potentially high-risk suppliers with regard to sustainability factors, weighted using the following matrix: Importance (Expenditure and Business Impact) and Availability (Single Source and Geographical Location)
- Selection of suppliers identified by the risk analysis as "Potentially high risk" for Sustainability Audits (carried out by an external provider)
- Analysis of the audit results and, if negative, activation of improvement actions.

In this regard, 8 supplier audits were carried out during 2019 and, from 2017 to date, 15 sustainability audits have been carried out. Following the audits, the Group works with the suppliers to determine the action plan needed, if applicable, in order to implement remedial actions.

Suppliers with current or potential impact in relation to environmental criteria, human rights, working conditions and the company	Prysmian Group - 2019		Prysmian Group w/o General Cable - 2018	
	No. suppliers	% of spending	No. suppliers	% of spending
Evaluated suppliers	149	63%	86	55%
Suppliers identified to have a current or potential negative impact	70	13%	6	0.60%
Suppliers identified to have a current or potential negative impact, for which an improvement plan has been implemented	2 Improvement plan in progress	0.1%	0 high risk - 2 verification test outcome negative	0% high risk - 0.50% verification test outcome negative
Suppliers identified to have a current or potential negative impact, whose supply relationship has been suspended as a result of the assessment	0	0%	0	0%

In order to guarantee the quality of the materials purchased, the Group is committed to using only those raw materials approved by the responsible technical functions following laboratory tests and extended processing trials conducted both in-house and by qualified suppliers. This process seeks to check quality, environmental and social aspects. The qualification process starts by sending a questionnaire that the supplier is required to complete in full, addressing every aspect, including ESG issues.

If further work is needed or if the answers to the questionnaire are deemed not sufficiently complete, there is an audit for materials classified as critical.

<sup>46</sup> For more details on the assessment process begun in 2016, refer to the consolidated disclosure of non-financial information of the Prysmian Group in 2017.

In 2019, work continued on the mapping, classification and involvement of suppliers, in order to assess the principal parameters affecting sustainability:

- Integrity: fair trade, conflicts of interest, gifts and entertainment, bribery and corruption.
- Human and workers' rights: under-age working, health and safety, non-discrimination.
- Environment: use of raw materials, use of energy and carbon dioxide emissions, water consumption and associated risks.
- Mining activities and conflict minerals: resettlement, closure plans and sustainable use of land.

With regard to the work performed in relation to the suppliers of raw materials other than base metals, the Group has undertaken initiatives focusing on:

- stability and continuity of production processes: new system for the collection of data and the monitoring of supplier service levels.
- under-age working ethics: special initiative addressing mica suppliers.

Prysmian monitors supplier service levels, with the main goal of reducing the risk of disruption of supply of purchased raw materials through a report produced jointly by the Purchasing, Logistics and Quality functions. This instrument is used on a monthly basis to ensure levels of service across the European perimeter, with the aim of implementing it in the other regions.

As the 2019 suppliers of base metals were unchanged with respect to 2018, work focused - especially via the sustainability audits - on sample checks of the data declared in their self-assessment questionnaires against the practices and procedures actually followed.

In order to increase the attention paid to ESG factors by employees and, more specifically, those in the purchasing department, since 2015 the Prysmian Group has included a section in the annual Purchasing Academy dedicated to the sustainability of the supply chain. Each year since 2015, about 30 buyers (11% of the Prysmian purchasing organisation) are invited from all parts of the world for training on ESG matters. In addition, from 2017, a section dedicated to sustainability has been included in the World-Wide Purchasing Leadership Meeting, which is an annual event attended by exponents of the purchasing organisation.

## A RESPONSIBLE APPROACH TO MICA MINING

In order to manufacture certain safety cables and make them fire resistant, Prysmian purchases limited quantities of a few types of glass-based tape that contain small quantities of mica, but we do not use this mineral directly in our products and production processes. The extraction process for this mineral is considered to be at risk of under-age working, especially in geographical areas like India and Madagascar where large quantities are mined. The Group tackled this issue during 2016 by requesting all suppliers of products with a sub-supply of mica to complete a questionnaire certifying the absence of child labour anywhere in the supply chain. In 2019, the Group continued analysing the results collected through the questionnaires sent to suppliers with the aim of developing increased monitoring aimed at avoiding the use of suppliers at potential risk of child labour in their supply chain.

# The main industrial investments

The Prysmian Group's manufacturing operations are carried out at 106<sup>47</sup> plants in more than 50 countries. This enables the business to react in good time to the various requests received from world markets. Due to the geographical distribution and capabilities of the various plants acquired, the General Cable integration process that began last year enabled the Prysmian Group to continue during 2019 the implementation of its industrial strategy based on the following factors: (i) the development of products of higher added value and technological content in a limited number of plants destined to become centres of excellence with high technology skills. Economies of scale will be possible in these sites, resulting in improved production efficiency and reduced invested capital; (ii) a continuous search for higher production efficiency in the commodity sector, maintaining an extensive geographical presence to minimise distribution costs.

Gross capital investment amounted to about Euro 284 million in 2019, which was in line with the prior year (Euro 285 million). In particular, major work continued during the year on the construction of a new, advanced cable-laying vessel, as well as the Telecom investment needed (fibre and optical/data cables) to consolidate the leading role played by Prysmian in this high valued-added sector.

## Capacity / Product mix

Investment to increase production capacity and take account of changes in mix accounted for 51% of the total.

**Energy Projects.** The most significant investment was the continuation of work, commenced in the prior year, on a new state-of-the-art cable-laying ship, calling for a total investment in excess of Euro 170 million. This strategic asset will consolidate Prysmian's "turnkey" approach that allows for the provision of EPCI (Engineering, Procurement, Construction & Installation) with "end-to-end" solutions that include engineering, manufacturing, installation, monitoring and troubleshooting of submarine cable systems for power transmission. The investment in the new ship is specifically designed to support the Group's long-term growth prospects in the submarine cable systems market, strengthening its capacity for the installation and execution of projects centring on the interconnection and wiring of offshore wind farms.

The new cable-laying ship is designed to be the highest performing vessel on the market and will provide greater capacity and versatility in the implementation of projects due to advanced features such as: installation capacity in waters deeper than 2,000 metres, higher cable load capacity thanks to large rotating drums, ability to undertake complex installation operations supporting diverse equipment for cable burial, including "submarine ploughs" and cutting-edge systems for positioning and seaworthiness. The new cable-laying vessel is scheduled to be in operation in 2021.

The current Prysmian fleet, comprising three cable ships, the Giulio Verne, Cable Enterprise and Ulisse, combined with a wide range of high technology equipment for cable installation and burial, such as the Hydroplow, PLB Sea Otter and Mole machines, and HD3 submarine ploughing technology, makes it already one of the most technologically advanced in the world. This new strategic asset will strengthen the Group's technological and market leadership in the cable and submarine systems industry, allowing it to further internalise installation operations and to ensure greater precision in the delivery and execution of projects.

<sup>47</sup> The Group operates from 111 plants, including JVs and plants over which Prysmian does not have direct control.

Investment at the plants of the Energy Projects business included support for a number of contracts obtained by the Group, such as the supply of interarray cables for the Borssele III and IV wind farms about 25 km off the coast, close to the southern border of the Netherlands Exclusive Economic Zone; in addition, contracts have been obtained recently to supply cables for the Pentland project and, above all, for the Viking Link, which is the first submarine interconnection between the United Kingdom and Denmark. This contract, worth close to Euro 700 million involves the turnkey design, production and installation of the longest power interconnection in the world, with 1,250 km of submarine cables and all 135 km of terrestrial cables in the United Kingdom, corresponding to 4 of the 5 lots put out to tender.

**Energy Products.** Investment in this business segment addressed a number of niche markets in order to meet growing demand in certain value-added sectors. Solar cable production capacity has been increased in Neustadt, Germany, in order to cope with the increasing demand for electricity from renewable sources; investment at the former General Cable plant in Montereau, France, supports the shipbuilding business in northern France. While addressing investment to increase production capacity, it is necessary to discuss the projects launched in North America to serve a market that remains particularly buoyant, with good prospects for the coming year: in particular, investment in Sedalia, Missouri, focuses on aluminium cables for special applications, while in Taunton, Massachusetts, work has begun in order to expand the production of special cables for industrial applications.

This will exploit the potential of the new compound plant that will commence full production next year, following the transfer of activities from the neighbouring North Dighton plant, also located in Massachusetts (as described in the chapter on efficiencies). As in the past, the Prysmian Group also consolidates its investments in the Oman Cables Industry, after acquiring an absolute majority of the capital in 2016.

These investments principally focus on low and medium voltage cables, which are used by local utilities as well as by the major EPC (Engineering, Procurement and Construction) companies active in the Arabian Peninsula.

**Telecom.** In the telecom business area, the Group has completed work to increase the production capacity of ribbon cables at the Lexington plant (South Carolina), partly following an important supply agreement signed with the American Verizon Communications to support expansion of the telco's optical network. This will facilitate the development of 5G services and, at the same time, increase the 4G LTE capacity of the broadband network.

Lexington confirms its role as a centre of excellence in the US for the production of optical telecom cables, with another series of investments in the production of cables using a new cutting-edge technology called FlexRibbon. This compacts the maximum number of fibres inside the cable, using extremely flexible fibre ribbons that can be compacted to achieve very high fibre density, or left flat for splicing, thus simplifying installation in conduits that are smaller with respect to the traditional design for flat ribbon.

Significant growth in the telecom business in North America is further confirmed by investment at the plant in Lawrenceburg, Kentucky, where the increased production of CAT6 data cables will support the transmission of data at every higher rates.

In Europe too, at the Douvrin and Battipaglia plants, investment seeks to increase the production of single-mode fibre with a view to aligning the in-house production of optical fibre with that of optical cables, for which the Slatina plant remains the European centre of excellence with the greatest concentration of investment to strengthen production capacity in this area; notably, the Romanian plant obtained special recognition for its outstanding sustainability performance in 2019 from JAC (Joint Audit Cooperation), an international association comprising the main telco operators that assesses and promotes the implementation of best CSR practices at the plants of businesses operating in the sector. In this way, JAC has confirmed the commitment made by the Prysmian Group to promote activities and projects that seek to create value for all stakeholders including, in particular, the communities and territories in which we work.

## Efficiency and Industrial footprint

About 21% of total investment was allocated to achieving efficiency improvements and reductions in fixed and variable costs (mainly product design and material usage). The Group is continuing significant cost optimisation work throughout the entire production chain of the telecom business segment: in particular, the European optical fibre plants in Battipaglia (Italy) and Douvrin (France) have invested further in efficiency to reduce significantly the cost of fibre manufacturing, with particular emphasis on increasing the size of preforms, the lengths of production lots and the speed of spinning.

Design optimisation opportunities have also been identified in the optical cables sector at the Calais, Santander and Slatina plants in Europe, drawing on joint experience with the former General Cable perimeter, which produces this type of cable at the Montereau plant in France.

As for the energy business, the new centre of excellence for South America has been inaugurated in Brazil, as part of the company's production system in Sorocaba (São Paulo). This centre has absorbed the entire organisation of the unit located in Santo André (São Paulo) and, clearly enough, is one of the most modern Prysmian Group plant and office complexes in the world.

The former General Cable plant in Pocos de Caldas, in the state of Minas Gerais, has played an important role in this major reorganisation of production, making it possible to maximise the synergies deriving from the consolidation process.

Lastly, work is well advanced on the transfer of production from the compound plant in North Dighton, USA, to the nearby new construction in Taunton (both in Massachusetts). This will create a new hub for the production of compounds and cables for the industrial cables business throughout North America.

**Base-load.** Capital investment to maintain capacity amounted to about 14% of the total, in line with prior years (check). A significant part of this amount is related to the start of work to remove all asbestos present at every Group plant around the world.

**IT, R&D.** Around 14% of investment has been dedicated to the constant development of IT systems and to R&D.

A significant part of investment has been allocated to the development of Group information systems and Digital Transformation initiatives. In 2019, activities continued for the completion of the "SAP Consolidation (1C)" programme, based on the innovative SAP HANA technological infrastructure and aimed at the harmonisation of back-office processes, with the geographical extension of the Group platform in ASEAN, Spain and Portugal. Lastly, transfer to the new SAP S4/HANA ERP by a number of US companies is due for completion in February 2020. The new SAP BW/4 HANA Business Intelligence system was also implemented during 2019; both new platforms operate in a private cloud environment.

In the Operations area, the pilot project for "FastTrack" - Prysmian's first Global Manufacturing Execution System - was completed successfully in Calais and is now being implemented in Romania, at the Group's largest telecom plant which is a global leader in terms of production volume and scale. Considerable improvements in all areas have been made to this system.

The entire platform has been optimised, with great benefits in terms of the speed and reactivity of the system. SAP integration is now widespread, covering an increased number of flows after adoption of the most recent communications protocols. The real-time collection of large quantities of data from control devices installed on machines is now possible, with an interface that has been completely redesigned to improve general usability and create a system that can be utilised easily and intuitively by end users.

Work to upgrade the Group's wide area network (WAN) was also completed during the year. This has expanded capacity considerably and improved the performance of the communications infrastructure linking the various sites.



# Logistics and transport

As regards transport, Prysmian not only gives preference to local suppliers but is also committed to optimising the transport of goods by air and by sea, as well as to selecting road hauliers that seek to implement sustainable policies and actions.

The cost of road transport - the most frequently used - is considered as a proxy and since it is the one with the greatest environmental impact, the Group has implemented a series of actions aimed at monitoring CO<sub>2</sub> emissions deriving from the transport of products.

The optimisation of the distribution chain at the operational macro-region level is ongoing and continued in 2019, with a particular focus on the consolidation of warehouses/distribution centres and the outsourcing of logistics services in order to lower distribution costs.

In particular, the number of stock-holding locations in North America has declined from 77 to 64, with the closure of the Hutchinson and Axsun distribution centres, together with 10 satellite locations. In the UK, the Oil&Gas Distribution Centre Oil&Gas in Aberdeen has been closed, as has the Vestby distribution centre in Norway. A further 3 satellite locations have also been closed in Europe.

Various logistics outsourcing projects were completed in recent years, with consolidation at regional level.

## REDUCTION OF CO<sub>2</sub> EMISSIONS AND GREENROUTER PROJECT

In the United States, Prysmian North America continued the partnership with Smartway, the US environmental protection agency (EPA) that helps companies to measure and compare the sustainability levels of its Supply Chain, as well as improve the efficiency of the transport system. The partnership has been extended to the General Cable perimeter.

Logistics suppliers in various countries have started to monitor the CO<sub>2</sub> emissions associated with their transportation activities, pressured by national regulations and, above all, upon requested by the Prysmian supply chain.

In addition, the **GreenRouter** tool has been implemented to measure the climate impact of the Prysmian HQ logistics chain. This tool allows the carbon footprint of organisations to be measured and assessed, recommending strategies for minimising their supply chain emissions. The methodology used by the tool to calculate transportation emissions is checked in conformity with UNI EN 16258 and the calculation of emissions is accredited to be in conformity with the GLEC (Global Logistics Emissions Council) framework by the SFC (Smart Freight Centre).

The pilot project has been completed for the Italian company and implementation is in progress at the UK and Netherlands companies.

## METHODS OF TRANSPORTATION

As in prior years, ground transportation was the main type of transport used by the Group in 2019. The Group used road transport together with rail transport for the route between China and Europe (New Trans-Siberian).

Prysmian limited air transportation during 2019, partly due to the reduction in optical fibre shortages.

Types of transport in percentage <sup>48</sup>			
	Jan 1 - Sept 30 2019	FY 2018	FY 2017
Air	2.4%	3.6%	3.5%
Sea	5.6%	6.9%	7.0%
Ground	92.0%	89.5%	89.5%

## DRUMS MADE OF WOOD AND OTHER MATERIALS

For the transport of cables, Prysmian uses plastic drums for the smallest diameters, in wood up to 3 meters and in steel for larger diameters. In general, the choice of drum material is made based on the size and length of the cable, on criteria of optimisation of logistics flows with a view to reducing the Carbon Footprint, and also on the basis of specific requests formulated by the customer and/or linked to regulatory aspects specific to the destination country.

The Group is heavily committed to maximising the re-utilisation of drums and lowering their environmental impact. For example, this involves using wood from replanted forests and implementing logging solutions that reduce the recourse made to quality materials, while continuing to use recyclable materials. This commitment over the years has helped to improve the re-use rate of drums, as a consequence of management that is increasingly precise and environmentally aware.

Prysmian Group w/o General Cables						
Drums by type of material	Jan-Sept 2019		FY 2018		FY 2017	
	no.	%	no.	%	no.	%
Wood	743,821	18.3%	1,030,284	22%	907,105	18.4%
Different material	3,323,254	81.7%	3,692,111	78%	4,036,214	81.6%
Reused	1,676,814	41.2%	2,591,318	55%	2,416,186	48.9%
Not reused	2,390,261	58.8%	2,131,077	45%	2,527,133	51.1%

Former General Cables <sup>49</sup>		
Drums by type of material	Jan-Sept 2019	
	no.	%
Wood	513,803	23.2%
Different material	1,701,880	76.8%
Reused	86,805	3.9%
Not reused	2,128,878	96.1%

Furthermore, in order to reduce the consumption of drums, in 2019 the Group entered into agreements in various countries to guarantee a flow of "Reverse Logistics" in which the return of the drums is assured. For example, Prysmian allows plants to use the German KTG system (KabelTrommel GmbH) in the Czech Republic and Hungary. This envisages the rental of drums to cable producers, thus minimising the handling (and abandonment) of drums from Germany.

In 2019, as part of work to consolidate and integrate the former General Cable manufacturing plants into the global supply chain, the Prysmian Group consolidated intercompany flows at regional level, thus reducing inter-continental flows in the Power Cables area.

<sup>48</sup> The calculation of percentages of transport routes is carried out on the basis of expenditure and it refers to Prysmian before the merger with General Cable.

<sup>49</sup> The data refers to all former General Cable plants (pre-merger with Prysmian Group), excluding the plants in Morelena (Portugal) owned by General Cable Celcat, Energia e Telecomunicações SA and the plant in Montereau (France) owned by Silec Cable S.A.S.

# Methodology

This document represents the Consolidated Disclosure of Non-Financial Information (hereinafter also the “DNF”, “Statement” or “Sustainability Report”) prepared pursuant to Articles 3 and 4 of Legislative Decree no. 254/16 (hereinafter also the “Decree”) as amended, by Prysmian S.p.A. and companies consolidated line-by-line (hereinafter also “Prysmian” or the “Prysmian Group” or the “Group”) and its objective is to ensure the understanding of the organisational model, the activities, the main risks and performance indicators of the Group with regard to environmental, social, employee matters, respect for human rights and anti-corruption and bribery matters that are relevant taking into account the activities and characteristics of the company during the 2019 financial year (from 1 January to 31 December).

The DNF covers - to the extent necessary to ensure the understanding of the business activity, its performance, its results and the impact produced by it - environmental, social, employee matters, respect for human rights and anti-corruption and bribery matters that are significant considering the Group’s activities and characteristics, as illustrated in the materiality matrix contained in the chapter on “Stakeholder engagement and materiality analysis” and, specifically, in the tables presented in the sections on “Description of material issues”, “Correlation table Decree 254/2016 GRI aspects” and “Analysis of the topic boundary of material aspects for the Prysmian Group”.

The data and information provided refer to all companies belonging to the Prysmian Group as at 31 December 2019, consolidated on a line-by-line basis. The perimeter of the data will be clearly indicated in the text and tables and in the section “Notes on the data and information”.

Considering changes in the reporting perimeter, the Quito plant in Ecuador was closed during the year.

All initiatives launched before June 2018 refer always to the Prysmian Group before the acquisition of General Cable.

With reference to the 2018 data and information included in the document for full disclosure purposes, the following terminology will be used:

- Prysmian Group (or “Group” or “Prysmian”) – with reference to the entire post-acquisition Prysmian Group perimeter, as at 31/12/2018;
- Prysmian Group w/o General Cable – with reference to the Prysmian Group perimeter before the acquisition of General Cable (thus excluding the General Cable legal entities);
- former General Cable - with reference only to the General Cable perimeter from June to December 2018.

The data and information for 2019 relates to the Prysmian Group post acquisition, unless expressly stated otherwise.

This DNF has been prepared in accordance with the “GRI Sustainability Reporting Standards” published in 2016 by the “GRI - Global Reporting Initiative”, adopting the “in accordance - Core” option. The document was prepared taking into account the sustainability issues considered significant for the Group and for the Group’s stakeholders, submitted as part of the materiality matrix (see paragraph “Stakeholder engagement and materiality analysis”). As required by the reporting Standard, the “GRI Content Index” is reported at the end of this document, containing details of the accounted indicators.

The process of collecting the data and information necessary for the drafting of the DNF involved various functions of the Group companies and was set up to ensure reporting in line with the GRI principles of balance, comparability, accuracy, timeliness, clarity and reliability.

The Consolidated Disclosure of Non-Financial Information is currently set to be published annually. The latest Group DNF was in fact made available in April 2019, via publication in the “Media Library” section of the corporate website.

The Board of Directors of Prysmian S.p.A. approved this document on 05 March 2020.

This document has been subjected to a limited examination, according to the principle of the International Standard on Assurance Engagement (ISAE 3000 Revised), undertaken by EY S.p.A. The audit was performed according to the procedures indicated in the "Independent Auditors' Report", included in this document.

Please direct comments, requests, opinions and ideas for improving the activities of Prysmian and the information contained in the Sustainability Report to:

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CORPORATE AND BUSINESS COMMUNICATIONS  
+39 0264491  
[sustainability@prysmiangroup.com](mailto:sustainability@prysmiangroup.com)

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## NOTES ON THE DATA AND INFORMATION

With reference to currently adopted policies, the Group's strategies and the associated procedures for the management of sustainability issues identified as material, are, unless otherwise specified, applicable to the entire perimeter of the Group after the acquisition of General Cable.

In general, for all the data that presents a cross-section by geographical area, the EMEA, APAC, North America and LATAM regions were taken in to account. For details of the countries included in the geographical regions, please refer to the map of the Group's plants shown in the "The Prysmian Group" section. Mexico has been classified in the LATAM region since 2018 (in line with the former General Cable classification), having been categorised in the North and Central America region in previous years.

### Workforce data

For 2019, the total data for the Group at 31/12/2019 is considered. For 2019 as in 2018, the data reported in the document considers the total headcount of all the Group companies consolidated line-by-line (excluding, as in previous years, Oman Aluminium Processing Industries - OAPIL). This approach applies to all tables except for the table on the total workforce of the Group representing the Group Full Time Equivalent (FTE), which includes not only employees but also temporary and OAPIL workers, in line with the information contained in the Annual Report.

By contrast with the turnover data reported for 2018, non-financial reporting has been improved by considering all white-collar and blue-collar workers (excluding the employees of Oman Aluminium Processing Industries - OAPIL and Associated Cables Pvt. Ltd.). Employee departures now include all reasons for leaving (e.g. voluntary departures, retirement, redundancies, etc.).

As regards the 2018 data on turnover:

- Prysmian Group w/o General Cable: absolute values of new employee hires and employee departures were reported, only for white collar staff with permanent contracts for the full year of 2018; in addition, the reporting of the turnover of outgoing permanent contract white collar staff considers only voluntary exits (in line with the contents of the 2017 and 2016 reports). These rates are calculated with respect to the number of employees as at 31/12/2017;
- Prysmian Group: absolute values of incoming and outgoing employees were reported for the period from September to December 2018 – for all reasons for leaving (e.g. voluntary departures, retirements, redundancies, etc.).

## Environmental data

The environmental data presented in the document is derived from a reporting system that, with respect to the declared perimeter of the reporting, does not include offices as they have a reduced environmental impact when considering the production activities of the Group.

With regard to the data for 2019, the presence of certain data with reliability below the predetermined threshold necessitated, as a precaution and to allow full coverage of the reporting area, the use of estimates for environmental data regarding:

- the Chiplun production site (India);
- the Sohar production site (Oman).

Similarly, with regard to the 2018 data for the Prysmian Group w/o General Cable, estimates were made for the environmental data regarding:

- the Muscat production site (Oman);
- the Sohar production site (Oman);
- some production sites that are not fully aligned with the Group's data collection methods. i.e. Chiplun and Pune (India), Grombalia (Tunisia) and Shanghai and Wuhan (China);
- Joinville, the operating unit dedicated solely to the production of wire rod.

With regard to the former General Cable perimeter, the sites of Luanda (Angola), La Pointe (Canada) and Nogales (Mexico) are excluded from the 2018 data.

Environmental data is not yet reported in relation to the installation of terrestrial and submarine cables (the environmental aspects and methods of management differ greatly from those of the operating units), since a project is currently in progress for the future collection and reporting of representative indicators, using dedicated tools. Note that the environmental performance indicators relating to energy, greenhouse gas emissions, waste (including the proportion intended for recovery and recycling) and water have been partly derived from estimates, in view of the data collection deadlines for the preparation of this Statement. These estimates are based on the best information available from data of the previous year relating to the same period of time and/or on the basis of production.

Note also that the Nordhenam manufacturing site for the production of Telecom cables is included under the production of power cables - the same applies to the Montereau site - since it was not possible to separate the data into two types of product.

With regard to the conversion factors used for the calculation of GHG emissions, the main sources used are:

- **2018:**
  - Scope 1 fuels: Defra 2018
  - Scope 1 F-GAS: GHG Protocol
  - Scope 2 Location-based: Terna 2016
  - Scope 2 Market-based: AIB 2017, where available, otherwise Terna 2016
- **2019:**
  - Scope 1 fuels: Defra 2019
  - Scope 1 F-GAS: GHG Protocol
  - Scope 2 Location-based: Terna 2017
  - Scope 2 Market-based: AIB 2018 (for European countries) and Center for Resource Solutions (for the USA and Canada), using the “2018 Green-e Energy Residual Mix Emissions Rates” as source where available, otherwise Terna 2017

### Health and safety data

The 2019 health and safety data (IF, IG) does not include the following legal entities:

- Associated Cables Pvt. Ltd. (Chiplun site);
- Oman Aluminium Processing Industries LLC (Sohar site);

While the 2019 data for professional diseases does not include the fleet and the following legal entities:

- Associated Cables Pvt. Ltd. (Chiplun site);
- Oman Aluminium Processing Industries LLC (Sohar site);
- Oman Cables Industry (Muscat site);

The 2018 data for the 2018 perimeter does not include the following legal entities:

- Oman Cables Industry (SAOG) (Chiplun, Muscat, Sohar sites);
- Associated Cables Pvt. Ltd. (Pune site);
- Prysmian Powerlink Asia Co. Ltd. (Shanghai site);
- Draka Shanghai Optical Fibre Cable Co. Ltd (Wuhan site).

The absenteeism data for 2018 only considered the category of blue collar workers, except for: Arco Felice, Chi-plun, Fujairah, OCI (Muscat), QAPIL (Sohar), Bridgewater, Kuala Lumpur, Pune, Chi-plun, Haixun, Shanghai, YOFC, Zhongyao, Yixing and plants closed during the reporting year (Santo André). The 2019 data includes all white collar and blue collar workers within the Group, except for Associated Cables Pvt. Ltd. (Chiplun site) and Oman Aluminium Processing Industries LLC (Sohar site).

The injury rates are calculated as follows:

- Injury rate (IR): (total number of accidents with loss of work/hours worked) \*200,000
- Severity rate (IG): (number of days lost/hours worked) \* 200,000;
- Occupational disease rate: cases of occupational disease (officially notified/hours worked) \* 1,000,000
- Absentee rate: total hours of absence/hours to be worked.

# Attachments

## HUMAN RESOURCES<sup>50</sup>

The data for 2017 is not comparable with that for 2018 and 2019, given that the General Cable Group was acquired in 2018.

### Group work force by professional category<sup>51</sup>

Prysmian Group (FTE)			
	2017	2018	2019
White Collar	5,124	8,109	7,692
Blue Collar	15,928	21,051	21,022
<b>Total</b>	<b>21,052</b>	<b>29,160</b>	<b>28,714</b>

### Employees by region and professional category

Prysmian Group No. as of 31.12.2019			
	White collar	Blue Collar	Totale
EMEA	4,601	11,414	16,015
APAC	838	1,899	2,737
LATAM	1,042	3,067	4,109
NORTH AMERICA	1,399	4,166	5,565
<b>Total</b>	<b>7,880</b>	<b>20,546</b>	<b>28,426</b>

### Employees by contract type (fixed-term/permanent) and gender

Prysmian Group No. as of 31.12.2019			
	Men	Women	Total
Permanent	22,721	4,357	27,078
Fixed-term	956	392	1,348
<b>Total</b>	<b>23,677</b>	<b>4,749</b>	<b>28,426</b>

Prysmian Group No. as of 31.12.2018			
	Men	Women	Total
Permanent	23,111	4,327	27,438
Fixed-term	896	281	1,177
<b>Total</b>	<b>24,007</b>	<b>4,608</b>	<b>28,615</b>

Prysmian Group No. as of 31.12.2017			
	Men	Women	Total
Permanent	15,759	2,755	18,514
Fixed-term	773	319	1,092
<b>Total</b>	<b>16,532</b>	<b>3,074</b>	<b>19,606</b>

<sup>50</sup> See the "Methodology" for the scope of the data and its limitations.

<sup>51</sup> Including agency personnel and OAPIL (Oman Aluminium Processing Industries LLC).

## Employees by contract type of (fixed-term/permanent) and geographical region

Prysmian Group No. as of 31.12.2019					
	EMEA	APAC	North America	LATAM	Group
Permanent	15,159	2,651	5,473	3,795	27,078
Fixed-term	856	86	92	314	1,348
<b>Total</b>	<b>16,015</b>	<b>2,737</b>	<b>5,565</b>	<b>4,109</b>	<b>28,426</b>

Prysmian Group No. as of 31.12.2018					
	EMEA	APAC	North America	LATAM	Group
Permanent	15,310	2,793	5,462	3,873	27,438
Fixed-term	922	96	74	85	1,177
<b>Total</b>	<b>16,232</b>	<b>2,889</b>	<b>5,536</b>	<b>3,958</b>	<b>28,615</b>

Prysmian Group No. as of 31.12.2017					
	EMEA	APAC	North America	LATAM	Group
Permanent	11,558	2,811	2,634	1,511	18,514
Fixed-term	885	96	102	9	1,092
<b>Total</b>	<b>12,443</b>	<b>2,907</b>	<b>2,736</b>	<b>1,520</b>	<b>19,606</b>

## Employees by part time/full time and gender

Prysmian Group No. as of 31.12.2019			
	Men	Women	Total
Full time	23,625	4,613	28,238
Part time	52	136	188
<b>Total</b>	<b>23,677</b>	<b>4,749</b>	<b>28,426</b>

Prysmian Group No. as of 31.12.2018			
	Men	Women	Total
Full time	23,841	4,466	28,307
Part time	166	142	308
<b>Total</b>	<b>24,007</b>	<b>4,608</b>	<b>28,615</b>

Prysmian Group No. as of 31.12.2017			
	Men	Women	Total
Full time	16,457	2,989	19,446
Part time	75	85	160
<b>Total</b>	<b>16,532</b>	<b>3,074</b>	<b>19,606</b>

## Percentage of employees by professional category, gender and age group

Prysmian Group No. as of 31.12.2019									
	≤30			31 - 50			>50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
White Collar	61.7%	38.3%	100.0%	68.5%	31.5%	100.0%	76.0%	24.0%	100.0%
Blue Collar	86.1%	13.9%	100.0%	88.0%	12.0%	100.0%	90.4%	9.6%	100.0%
<b>Total</b>	<b>80.4%</b>	<b>19.6%</b>	<b>100.0%</b>	<b>82.6%</b>	<b>17.4%</b>	<b>100.0%</b>	<b>86.2%</b>	<b>13.8%</b>	<b>100.0%</b>

Prysmian Group No. as of 31.12.2018									
	≤30			31 - 50			>50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
White Collar	63.3%	36.7%	100.0%	68.8%	31.2%	100.0%	77.1%	22.9%	100.0%
Blue Collar	87.3%	12.7%	100.0%	89.0%	11.0%	100.0%	90.8%	9.2%	100.0%
<b>Total</b>	<b>81.3%</b>	<b>18.7%</b>	<b>100.0%</b>	<b>83.2%</b>	<b>16.8%</b>	<b>100.0%</b>	<b>86.7%</b>	<b>13.3%</b>	<b>100.0%</b>

Prysmian Group No. as of 31.12.2017									
	≤30			31 - 50			>50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
White Collar	67.9%	32.1%	100.0%	67.4%	32.6%	100.0%	78.4%	21.6%	100.0%
Blue Collar	84.9%	15.1%	100.0%	88.8%	11.2%	100.0%	91.8%	8.2%	100.0%
<b>Total</b>	<b>81.1%</b>	<b>18.9%</b>	<b>100.0%</b>	<b>83.3%</b>	<b>16.7%</b>	<b>100.0%</b>	<b>88.1%</b>	<b>11.9%</b>	<b>100.0%</b>

New employee hires/departures<sup>52</sup>

2019	Total new employee hires (No.) - Prysmian Group														
	EMEA			APAC			North America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	502	89	591	117	45	162	292	62	354	445	193	638	1,356	389	1,745
31-50	531	165	696	111	46	157	260	66	326	375	166	541	1,277	443	1,720
>50	100	12	112	6	1	7	97	28	125	31	15	46	234	56	290
<b>Total</b>	<b>1,133</b>	<b>266</b>	<b>1,399</b>	<b>234</b>	<b>92</b>	<b>326</b>	<b>649</b>	<b>156</b>	<b>805</b>	<b>851</b>	<b>374</b>	<b>1,225</b>	<b>2,867</b>	<b>888</b>	<b>3,755</b>

2019	Total employee departures (No.) - Prysmian Group														
	EMEA			APAC			North America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	483	81	564	111	17	128	177	46	223	343	160	503	1,114	304	1,418
31-50	605	141	746	149	59	208	258	79	337	351	142	493	1,363	421	1,784
>50	380	60	440	28	8	36	208	53	261	82	16	98	698	137	835
<b>Total</b>	<b>1,468</b>	<b>282</b>	<b>1,750</b>	<b>288</b>	<b>84</b>	<b>372</b>	<b>643</b>	<b>178</b>	<b>821</b>	<b>776</b>	<b>318</b>	<b>1,094</b>	<b>3,175</b>	<b>862</b>	<b>4,037</b>

2019	WC new employee hires - Prysmian Group														
	EMEA			APAC			North America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	104	51	155	23	20	43	28	19	47	13	21	34	168	111	279
31-50	151	63	214	37	20	57	38	14	52	50	26	76	276	123	399
>50	21	3	24	2	1	3	17	11	28	7	0	7	47	15	62
<b>Total</b>	<b>276</b>	<b>117</b>	<b>393</b>	<b>62</b>	<b>41</b>	<b>103</b>	<b>83</b>	<b>44</b>	<b>127</b>	<b>70</b>	<b>47</b>	<b>117</b>	<b>491</b>	<b>249</b>	<b>740</b>

52 The 2019 data indicates the totals and the WC (White Collar) / BC (Blue Collar) analysis. The data for prior years only includes the white-collar category, permanent contracts and voluntary redundancies.

2019	WC employee departures – Prysmian Group														
	EMEA			APAC			North America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	88	37	125	22	13	35	15	14	29	23	26	49	148	90	238
31-50	177	96	273	59	30	89	72	30	102	78	37	115	386	193	579
>50	143	38	181	5	3	8	67	27	94	25	4	29	240	72	312
<b>Total</b>	<b>408</b>	<b>171</b>	<b>579</b>	<b>86</b>	<b>46</b>	<b>132</b>	<b>154</b>	<b>71</b>	<b>225</b>	<b>126</b>	<b>67</b>	<b>193</b>	<b>774</b>	<b>355</b>	<b>1,129</b>

2019	BC new employee hires - Prysmian Group														
	EMEA			APAC			North America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	398	38	436	94	25	119	264	43	307	432	172	604	1,188	278	1,466
31-50	380	102	482	74	26	100	222	52	274	325	140	465	1,001	320	1,321
>50	79	9	88	4	0	4	80	17	97	24	15	39	187	41	228
<b>Total</b>	<b>857</b>	<b>149</b>	<b>1,006</b>	<b>172</b>	<b>51</b>	<b>223</b>	<b>566</b>	<b>112</b>	<b>678</b>	<b>781</b>	<b>327</b>	<b>1,108</b>	<b>2,376</b>	<b>639</b>	<b>3,015</b>

2019	BC employee departures – Prysmian Group														
	EMEA			APAC			North America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	395	44	439	89	4	93	162	32	194	320	134	454	966	214	1,180
31-50	428	45	473	90	29	119	186	49	235	273	105	378	977	228	1,205
>50	237	22	259	23	5	28	141	26	167	57	12	69	458	65	523
<b>Total</b>	<b>1,060</b>	<b>111</b>	<b>1,171</b>	<b>202</b>	<b>38</b>	<b>240</b>	<b>489</b>	<b>107</b>	<b>596</b>	<b>650</b>	<b>251</b>	<b>901</b>	<b>2,401</b>	<b>507</b>	<b>2,908</b>

2018	New employee hires (No.) - Prysmian Group														
	EMEA			APAC			North America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	19	13	32	6	7	13	2	1	3	5	9	14	32	30	62
31-50	37	21	58	14	10	24	3	0	3	6	2	8	60	33	93
>50	7	0	7	0	0	0	5	1	6	1	0	1	13	1	14
<b>Total</b>	<b>63</b>	<b>34</b>	<b>97</b>	<b>20</b>	<b>17</b>	<b>37</b>	<b>10</b>	<b>2</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>23</b>	<b>105</b>	<b>64</b>	<b>169</b>

2018	Employee departures (No.) – Prysmian Group														
	EMEA			APAC			North America			LATAM			Group		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	26	9	35	5	5	10	9	11	20	6	15	21	46	40	86
31-50	74	25	99	17	15	32	42	22	64	23	18	41	156	80	236
>50	26	7	33	4	6	10	51	29	80	16	4	20	97	46	143
<b>Total</b>	<b>126</b>	<b>41</b>	<b>167</b>	<b>26</b>	<b>26</b>	<b>52</b>	<b>102</b>	<b>62</b>	<b>164</b>	<b>45</b>	<b>37</b>	<b>82</b>	<b>299</b>	<b>166</b>	<b>465</b>

New employee hires/employee departures Prysmian Group w/o General Cable<sup>53</sup>

Sept-Dec 2018	New employee hires - Prysmian Group w/o General Cable														
	EMEA			APAC			North and Central America			South America			Total		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	74	45	119	23	27	50	12	2	14	16	12	28	125	86	211
31-50	80	45	125	49	31	80	7	3	10	19	5	24	155	84	239
>50	13	1	14	3	2	5	6	0	6	0	0	0	22	3	25
<b>Total</b>	<b>167</b>	<b>91</b>	<b>258</b>	<b>75</b>	<b>60</b>	<b>135</b>	<b>25</b>	<b>5</b>	<b>30</b>	<b>35</b>	<b>17</b>	<b>52</b>	<b>302</b>	<b>173</b>	<b>475</b>

Sept-Dec 2018	Employee departures - Prysmian Group w/o General Cable														
	EMEA			APAC			North and Central America			South America			Total		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	37	13	50	9	9	18	6	1	7	8	2	10	60	25	85
31-50	83	32	115	30	26	56	18	6	24	7	8	15	138	72	210
>50	11	2	13	1	2	3	5	2	7	1	1	2	18	6	24
<b>Total</b>	<b>131</b>	<b>47</b>	<b>178</b>	<b>40</b>	<b>37</b>	<b>77</b>	<b>29</b>	<b>9</b>	<b>38</b>	<b>16</b>	<b>10</b>	<b>26</b>	<b>216</b>	<b>103</b>	<b>319</b>

No. as of 31.12.2017	New employee hires - Prysmian Group														
	EMEA			APAC			North and Central America			South America			Total		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	90	24	114	28	25	53	25	9	34	8	11	19	151	69	220
31-50	98	39	137	47	38	85	28	11	39	7	4	11	180	92	272
>50	12	2	14	3	0	3	4	4	8	1	0	1	20	6	26
<b>Total</b>	<b>200</b>	<b>65</b>	<b>265</b>	<b>78</b>	<b>63</b>	<b>141</b>	<b>57</b>	<b>24</b>	<b>81</b>	<b>16</b>	<b>15</b>	<b>31</b>	<b>351</b>	<b>167</b>	<b>518</b>

No. as of 31.12.2017	Employee departures - Prysmian Group														
	EMEA			APAC			North and Central America			South America			Total		
	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot	M	W	Tot
≤30	26	15	41	11	11	22	2	1	3	4	5	9	43	32	75
31-50	60	24	84	39	15	54	11	6	17	5	3	8	115	48	163
>50	7	1	8	1	0	1	4	4	8	0	0	0	12	5	17
<b>Total</b>	<b>93</b>	<b>40</b>	<b>133</b>	<b>51</b>	<b>26</b>	<b>77</b>	<b>17</b>	<b>11</b>	<b>28</b>	<b>9</b>	<b>8</b>	<b>17</b>	<b>170</b>	<b>85</b>	<b>255</b>

<sup>53</sup> The internal reporting year 2018 is considered; only white collar category, permanent contracts and voluntary redundancies.

## Average hours of (local) training - Prysmian Group

2019	Average hours of (local) training by professional category - Prysmian Group		
	Men	Women	Total
Blue Collar	26.27	39.18	27.75
White Collar	13.59	14.60	13.89
<b>Total</b>	<b>23.30</b>	<b>26.86</b>	<b>23.89</b>

2018	Average hours of (local) training by professional category - Prysmian Group w/o General Cable		
	Men	Women	Total
Blue Collar	14.3	17.2	14.6
White Collar	11.8	14.0	12.4
<b>Total</b>	<b>13.7</b>	<b>15.5</b>	<b>13.9</b>

2018	Average hours of (local) training by professional category - Former General Cable		
	Men	Women	Total
Blue Collar	11.7	7.0	11.3
White Collar	8.3	8.8	8.5
<b>Total</b>	<b>10.9</b>	<b>8.1</b>	<b>10.4</b>

2017	Average hours of (local) training by professional category - Prysmian Group <sup>54</sup>	
	Men	Women
<b>EMEA</b>		
Blue Collar	19.7	27.9
White Collar	18.4	17.7
<b>APAC</b>	<b>Men</b>	<b>Women</b>
Blue Collar	39.9	14.5
White Collar	26.6	22.7
<b>North and Central America</b>	<b>Men</b>	<b>Women</b>
Blue Collar	48.3	62.4
White Collar	19.4	25.1
<b>South America</b>	<b>Men</b>	<b>Women</b>
Blue Collar	40.4	47.8
White Collar	31.7	27.4

<sup>54</sup> This statistic considers the following countries: Argentina, Australia, Brazil, Canada, China, Denmark, Estonia, Philippines, Finland, France, Germany, Indonesia, Italy (with PPL), Malaysia, Mexico, Netherlands, United Kingdom, Czech Republic, Romania, Russia, Slovakia, Spain, Sweden, Thailand, Turkey, Hungary and the US.

## HEALTH AND SAFETY

The data for 2017 is not comparable with that for 2018 and 2019, given that the General Cable Group was acquired in 2018.

Injuries and occupational diseases by geographical area - Prysmian Group (2019)					
	EMEA	APAC	North America	LATAM	Total
Number of injuries	283	18	17	24	342
Number of occupational diseases	7	0	8	22	37

Injuries and occupational diseases by gender - Prysmian Group (2019)				
	Men	Women	Total	
Number of injuries	320	22	342	
Number of occupational diseases	36	1	37	

Prysmian Group w/o General Cable (2018) - Employees					
	EMEA	APAC	North America	LATAM	Group
Severity rate (IG)	81.4	30.7	16.8	105.5	65.5
Frequency rate (IF)	3.0	0.8	0.3	2.0	2.1
Occupational disease rate	0.0	0.2	0.2	2.7	0.3
Absentee rate <sup>55</sup>	7.3%	3.0%	4.3%	6.0%	6.1%

Former General Cable (June - December 2018) - Employees					
	EMEA	APAC	North America	LATAM	Group
Severity rate (IG)	28.5	0.0	6.2	14.8	13.9
Frequency rate (IF)	1.3	0.0	0.2	0.3	0.5
Occupational disease rate	0.0	0.0	0.2	0.3	0.2
Absentee rate	n/a	n/a	n/a	n/a	n/a

Prysmian Group w/o General Cable (2018) - Employees				
	Men	Women	Total	
Severity rate (IG)	71.4	34.3	65.5	
Frequency rate (IF)	2.3	1.2	2.1	
Occupational disease rate	0.4	0.0	0.3	

Former General Cable (June - December 2018) - Employees			
	Men	Women	Total
Severity rate (IG)	15.1	7.7	13.9
Frequency rate (IF)	0.5	0.1	0.5
Occupational disease rate	0.3	0.0	0.2

<sup>55</sup> Absenteeism data considers only the category of blue collar workers, but excludes the following sites: Arco Felice, Chiplun, Fujairah, OCI (Muscat), OAPIL (Sohar), Bridgewater, Kuala Lumpur, Pune, Chiplun, Haixun, Shanghai, YOFC, Zhongyao, Yixing and plants closed during the reporting year (Santo André).

Injuries and occupational diseases by geographical region - Prysmian Group w/o General Cable (2018)					
	EMEA	APAC	North America	LATAM	Total
Number of injuries	303	25	7	33	368
Number of occupational diseases	1	1	1	9	12

Injuries and occupational diseases by gender - former General Cable (June - December 2018)					
	EMEA	APAC	North America	LATAM	Total
Number of injuries	13	0	4	4	21
Number of occupational diseases	0	0	1	1	2

Number of injuries and occupational diseases - Prysmian Group w/o General Cable (2018)				
	Men	Women	Total	
Number of injuries	335	33	368	
Number of occupational diseases	12	0	12	

Injuries and occupational diseases by gender - former General Cable (June - December 2018)			
	Men	Women	Total
Number of injuries	20	1	21
Number of occupational diseases	2	0	2

Prysmian Group (2017) <sup>56</sup>					
	EMEA	APAC	North and Central America	South America	Group
Severity rate (IG)	76.80	37.80	8.5	66.73	58.04
Frequency rate (IF)	3.16	0.83	0.25	4.20	2.35
Occupational disease rate	1.32	0.0	0.53	4.13	1.10
Absentee rate	6.9%	2.9%	3.5%	6.2%	5.74%

<sup>56</sup> The severity rate data does not include the product sites in Australia and Slovakia. The occupational disease rate data does not include plants in the Czech Republic, Germany, Hungary, Romania and Slovakia. The absentee rate does not include plants in the Ivory Coast and Arco Felice.

## ENVIRONMENT

The data for 2017 is not comparable with that for 2018 and 2019, given that the General Cable Group was acquired in 2018.

### Energy consumption

Prysmian Group (2019)					
Energy consumed [GJ]	Power Cables	Telecom Cables	Accessories	Optical fibre	Wire rod
Electricity purchased	3,339,272	644,084	69,420	479,127	47,282
Electricity covered by renewable energy certificates (Guarantees of Origin)	1,102,714	53,495	-	533,147	-
Natural gas	1,981,388	248,154	38,151	737,554	189,716
LPG	96,363	10,431	7,685	454	1,811
Petrol	11,034	341	309	34	21
Diesel	101,412	6,049	388	2,570	2
Fuel oil	25,731	4,999	-	-	-
Steam (purchased, not produced internally)	8,087	-	-	-	-
Heat (purchased from distribution networks)	95,341	-	-	7,616	-
Chilled water	206	448	380	-	-
<b>Total</b>	<b>6,761,548</b>	<b>968,003</b>	<b>116,333</b>	<b>1,760,502</b>	<b>238,833</b>

Prysmian Group w/o General Cable (2018)				
Energy consumed [GJ]	Power Cables	Telecom Cables	Accessories	Optical fibre
Electricity purchased	2,250,729	524,207	57,290	420,124
Electricity covered by renewable energy certificates (Guarantees of Origin)	693,983	50,613	3,398	511,236
Natural gas	942,506	196,949	34,516	667,046
LPG	46,515	5,475	5,884	215
Petrol	7,219	290	148	36
Diesel	83,283	3,763	233	4,874
Fuel oil	38,212	4,961	0	0
Steam (purchased, not produced internally)	15,658	0	0	0
Heat (purchased from distribution networks)	97,694	0	0	7,355
Chilled water	152	0	0	0
<b>Total</b>	<b>4,175,351</b>	<b>786,258</b>	<b>101,469</b>	<b>1,610,886</b>

Former General Cable (June-December 2018)					
Energy consumed [GJ]	Power Cables	Telecom Cables	Accessories	Optical fibre	Total 2018
Electricity purchased	764,322	102,936	4,630	0	871,888
Electricity covered by renewable energy certificates (Guarantees of Origin)	0	0	0	0	0
Natural gas	467,440	14,036	93	0	481,569
LPG	22,460	1,245	59	0	23,764
Petrol	566	0	47	0	613
Diesel	12,185	656	53	0	12,894
Fuel oil	2,818	0	0	0	2,818
Steam (purchased, not produced internally)	0	0	0	0	0
Heat (purchased from distribution networks)	0	0	0	0	0
Chilled water	777	0	218	0	995
<b>Total</b>	<b>1,270,568</b>	<b>118,873</b>	<b>5,100</b>	<b>0</b>	<b>1,394,541</b>

Prysmian Group (2017)					
Energy consumed [GJ]	Power Cables	Telecom Cables	Accessories	Optical fibre	Total 2017
Electricity purchased	1,904,996	468,678	32,407	397,038	2,803,119
Electricity covered by renewable energy certificates (Guarantees of Origin)	986,605	81,619	24,238	309,667	1,402,128
Natural gas	921,767	198,178	36,492	667,833	1,824,271
LPG	52,441	6,838	7,910	27	67,216
Petrol	1,696	350	109	27	2,183
Diesel	95,837	4,636	299	614	101,386
Fuel oil	13,887	7,044	-	-	20,931
Steam (purchased, not produced internally)	23,642	-	-	-	23,642
Heat (purchased from distribution networks)	69,028	-	-	6,999	76,027
Chilled water	6,982	-	-	-	6,982
<b>Total</b>	<b>4,076,883</b>	<b>767,344</b>	<b>101,455</b>	<b>1,382,205</b>	<b>6,327,887</b>

## Energy intensity

Energy consumed per Km/Ton of product	Prysmian Group (2019)			
	Power cables GJ / Ton	Telecom cables GJ / Km	Optical fibre GJ / Km	Wire rod GJ / Km
	3.46	0.02	0.04	2.05

Energy consumed per Km/Ton of product	Prysmian Group w/o General Cable (2018)			ex General Cable (Jun-Dec 2018)	
	Power cables GJ / Ton	Telecom cables GJ / Km	Optical fibre GJ / Km	Power cables GJ / Ton	Telecom cables GJ / Km
	3.41	0.02	0.04	3.75	0.08

Energy consumed per Km/Ton of product	Prysmian Group (2017)		
	Power cables GJ / Ton	Telecom cables GJ / Km	Optical fibre GJ / Km
	3.380	0.020	0.035

## GHG emissions

Prysmian Group (2019)						
Emissions of greenhouse gases [t CO <sub>2</sub> eq]		Power Cables	Telecom Cables	Accessories	Optical fibre	Wire rod
Scope 1	Direct emissions from combustion	128,952	15,616	2,707	42,064	10,880
	Emissions from refrigerant gas leaks	6,493	2,292	49	481	226
	Emissions from SF <sub>6</sub> gas leaks	78,911	-	35,021	-	-
	<b>Total Scope 1</b>	<b>214,356</b>	<b>17,908</b>	<b>37,777</b>	<b>42,544</b>	<b>11,106</b>
Scope 2	Location-based	422,670	67,610	7,361	65,565	1,831
	Market-based	381,589	72,140	8,316	54,149	1,139
<b>Total</b>	<b>Scope 1 and Scope 2 (Location-Based)</b>	<b>637,026</b>	<b>85,518</b>	<b>45,138</b>	<b>107,909</b>	<b>12,937</b>
	<b>Scope 1 and Scope 2 (Market-Based)</b>	<b>595,945</b>	<b>90,048</b>	<b>46,093</b>	<b>96,694</b>	<b>12,245</b>

Prysmian Group w/o General Cable (2018)					
Emissions of greenhouse gases [t CO <sub>2</sub> eq]		Power Cables	Telecom Cables	Accessories	Optical fibre
Scope 1	Direct emissions from combustion	68,859	12,780	2,459	40,144
	Emissions from refrigerant gas leaks	3,832	2,180	39	320
	Emissions from SF <sub>6</sub> gas leaks	42,590	0	73,006	0
	<b>Total Scope 1</b>	<b>115,282</b>	<b>14,959</b>	<b>75,503</b>	<b>40,464</b>
Scope 2	Location-based	297,694	49,120	6,127	59,156
	Market-based	268,953	50,785	6,151	44,512
<b>Total</b>	<b>Scope 1 and Scope 2 (Location-Based)</b>	<b>412,976</b>	<b>64,079</b>	<b>81,630</b>	<b>99,620</b>
	<b>Scope 1 and Scope 2 (Market-Based)</b>	<b>384,234</b>	<b>65,745</b>	<b>81,655</b>	<b>84,977</b>

Former General Cable (June-December 2018)						
Emissions of greenhouse gases [t CO <sub>2</sub> eq]		Power Cables	Telecom Cables	Accessories	Optical fibre	Total 2018
Scope 1	Direct emissions from combustion	30,462	964	17	0	31,444
	Emissions from refrigerant gas leaks	1,900	185	0	0	2,085
	Emissions from SF <sub>6</sub> gas leaks	23,028	0	0	0	23,028
	<b>Total Scope 1</b>	<b>55,390</b>	<b>1,149</b>	<b>17</b>	<b>0</b>	<b>56,557</b>
Scope 2	Location-based	70,622	11,763	584	0	82,969
	Market-based	75,052	11,961	766	0	87,779
<b>Total</b>	<b>Scope 1 and Scope 2 (Location-Based)</b>	<b>126,012</b>	<b>12,912</b>	<b>601</b>	<b>0</b>	<b>139,526</b>
	<b>Scope 1 and Scope 2 (Market-Based)</b>	<b>130,442</b>	<b>13,110</b>	<b>782</b>	<b>0</b>	<b>144,336</b>

Prysmian Group (2017)						
Emissions of greenhouse gases [t CO <sub>2</sub> eq]		Power Cables	Telecom Cables	Accessories	Optical fibre	Total 2017
Scope 1	Direct emissions from combustion	62,417	12,228	2,569	36,759	113,973
	Emissions from refrigerant gas leaks	3,359	2,245	117	166	5,887
	Emissions from SF <sub>6</sub> gas leaks	31,340	-	77,657	-	108,997
	<b>Total Scope 1</b>	<b>97,117</b>	<b>14,473</b>	<b>80,342</b>	<b>36,925</b>	<b>228,857</b>
Scope 2	Location-based	304,534	55,984	5,917	54,008	420,443
	Market-based	226,739	51,896	4,488	37,300	320,422
<b>Total</b>	<b>Scope 1 and Scope 2 (Location-Based)</b>	<b>401,651</b>	<b>70,456</b>	<b>86,259</b>	<b>90,933</b>	<b>649,299</b>
	<b>Scope 1 and Scope 2 (Market-Based)</b>	<b>323,856</b>	<b>66,368</b>	<b>84,830</b>	<b>74,225</b>	<b>549,279</b>

## Intensity of emissions

Emissions per Km/Ton of product		Prysmian Group (2019)			
		Energy cables tCO <sub>2</sub> eq / Ton	Telecom cables tCO <sub>2</sub> eq / Km	Optical fibre tCO <sub>2</sub> eq / Km	Wire rod tCO <sub>2</sub> eq / Km
Scope 1		0.10954	0.00038	0.00095	0.09521
Scope 2	Location-based	0.21600	0.00144	0.00146	0.01570
	Market-based	0.19500	0.00154	0.00121	0.00977
Total	Scope 1 and Scope 2 (Location-Based)	0.32554	0.00182	0.00241	0.11091
	Scope 1 and Scope 2 (Market-Based)	0.30454	0.00192	0.00216	0.10497

Emissions per Km/Ton of product		Prysmian Group w/o General Cable (2018)			ex General Cable (Jun-Dec 2018)	
		Energy cables tCO <sub>2</sub> eq / Ton	Telecom cables tCO <sub>2</sub> eq / Km	Optical fibre tCO <sub>2</sub> eq / Km	Energy cables tCO <sub>2</sub> eq / Ton	Telecom cables tCO <sub>2</sub> eq / Km
Scope 1		0.09408	0.00035	0.00091	0.16332	0.00078
Scope 2	Location-based	0.24294	0.00115	0.00133	0.20823	0.00803
	Market-based	0.21948	0.00118	0.00100	0.22129	0.00816
Total	Scope 1 and Scope 2 (Location-Based)	0.33701	0.00149	0.00224	0.37155	0.00881
	Scope 1 and Scope 2 (Market-Based)	0.31356	0.00153	0.00191	0.38462	0.00895

Emissions per Km/Ton of product		Prysmian Group (2017)		
		Energy cables tCO <sub>2</sub> eq / Ton	Telecom cables tCO <sub>2</sub> eq / Km	Optical fibre tCO <sub>2</sub> eq / Km
Scope 1		0.08029	0.00038	0.00094
Scope 2		0.24612	0.00146	0.00138
Total		0.32640	0.00202	0.00232

## Waste

## Hazardous waste

Hazardous waste [kg] - Prysmian Group (2019)					
Source	Power Cables	Telecom Cables	Accessories	Optical fibre	Wire rod
Ingredients of hazardous compounds	232,956	-	-	-	-
Asbestos	93,526	17,400	-	-	-
Copper and aluminium sludge	1,013,025	46,934	-	-	-
Equipment containing PCBs	1,315	450	-	-	-
Sludge or solid waste with solvents	-	-	-	-	-
Solvents	75,340	25,976	1,378	57,596	200
Waste waxes and fats	64,873	55,073	-	-	-
Waste oil	734,172	37,520	5,130	8,020	15,064
Waste emulsions	3,280,673	152,736	-	-	251,980
Waste ink	54,130	25,551	-	-	-
Contaminated sawdust	41,207	41,167	828	-	-
Other hazardous waste	1,825,467	252,331	191,127	4,277,092	1,036,475
<b>Total</b>	<b>7,416,684</b>	<b>655,138</b>	<b>198,463</b>	<b>4,342,708</b>	<b>1,303,719</b>

Hazardous waste [kg] - Prysmian Group w/o General Cable (2018)				
Source	Power Cables	Telecom Cables	Accessories	Optical fibre
Ingredients of hazardous compounds	91,761	1,192	0	0
Asbestos	165,615	12,173	0	0
Copper and aluminium sludge	265,971	13,224	0	0
Equipment containing PCBs	7,959	360	0	0
Sludge or solid waste with solvents	0	0	0	0
Solvents	35,874	15,997	1,164	53,577
Waste waxes and fats	258,980	44,242	0	0
Waste oil	429,407	24,385	28,225	10,951
Waste emulsions	2,577,165	203,278	0	0
Waste ink	18,400	4,637	0	0
Contaminated sawdust	33,734	51,900	0	0
Other hazardous waste	1,322,380	142,066	111,583	4,623,505
<b>Total</b>	<b>5,207,246</b>	<b>513,454</b>	<b>140,972</b>	<b>4,688,033</b>

Hazardous waste [kg] - Former General Cable (June-December 2018)				
Source	Power Cables	Telecom Cables	Accessories	Total
Ingredients of hazardous compounds	103,107	-	-	103,107
Aqueous solutions for washing of filters	-	-	-	-
Asbestos	-	-	-	-
Copper and aluminium sludge	91,012	1,163,516	-	1,254,528
Equipment containing PCBs	-	-	-	-
Sludge or solid waste with solvents	-	-	-	-
Solvents	39,164	1,998	20	41,182
Waste waxes and fats	8,930	-	-	8,930
Waste oil	89,794	3,282	110	93,186
Waste emulsions	338,412	-	-	338,412
Waste ink	4,755	109	-	4,864
Contaminated sawdust	-	-	-	-
Other hazardous waste	304,958	4,018	711	309,687
<b>Total</b>	<b>980,132</b>	<b>1,172,923</b>	<b>841</b>	<b>2,153,896</b>

Hazardous waste [kg] - Prysmian Group (2017)					
Source	Power Cables	Telecom Cables	Accessories	Optical fibre	Total
Ingredients of hazardous compounds	118,657	-	-	-	118,657
Asbestos	193,356	-	6,670	-	200,026
Copper and aluminium sludge	242,069	14,979	-	-	257,048
Equipment containing PCBs	9,582	-	-	-	9,582
Solvents	53,650	14,308	3,700	55,606	127,264
Waste waxes and fats	70,892	37,996	-	-	108,888
Waste oil	384,286	12,175	48,999	7,112	452,572
Waste emulsions	2,069,265	261,993	-	-	2,331,258
Waste ink	22,991	4,917	-	-	27,908
Contaminated sawdust	31,114	19,214	-	-	50,328
Sludge or solid waste with solvents	-	-	-	10,158	10,158
Other hazardous waste	1,428,985	72,922	161,073	4,463,886	6,126,866
<b>Total</b>	<b>4,624,848</b>	<b>438,505</b>	<b>220,442</b>	<b>4,536,762</b>	<b>9,820,557</b>

## Non-hazardous waste

Non-hazardous waste [kg] - Prysmian Group (2019)					
Source	Power Cables	Telecom Cables	Accessories	Optical fibre	Wire rod
Waste compounds	26,250,690	4,150,056	-	-	-
Non-hazardous packaging	19,020,648	3,900,148	492,461	341,458	-
Non-hazardous ingredients for compounds	328,334	-	-	-	-
Sludge from treatment of emissions	-	-	-	407,640	-
Sludge from cleansing of civil water	842,550	5,250	6,000	45,100	680
Sludge from cleansing of industrial water	912,479	461,259	-	4,131	8,560
Urban waste	18,791,090	4,928,683	613,265	2,362,582	19,318
Wood	289,658	-	93,368	-	-
Other non-hazardous materials	58,009,021	6,660,921	693,979	2,349,288	213,030
<b>Total</b>	<b>124,444,469</b>	<b>20,106,317</b>	<b>1,899,073</b>	<b>5,810,209</b>	<b>241,588</b>

Non-hazardous waste [kg] - Prysmian Group w/o General Cable (2018)				
Source	Power Cables	Telecom Cables	Accessories	Optical fibre
Non-hazardous packaging	13,998,079	4,564,372	0	258,017
Non-hazardous ingredients for compounds	15,670,945	3,894,230	206,239	0
Sludge from treatment of emissions	1,312,901	0	0	0
Sludge from cleansing of civil water	0	0	0	441,560
Sludge from cleansing of industrial water	447,805	6,750	16,000	10,820
Urban waste	733,735	2,913	0	4,035
Wood	10,643,762	4,879,884	419,617	2,465,057
Other non-hazardous materials	52,106	0	0	0
<b>Total</b>	<b>34,394,579</b>	<b>3,814,958</b>	<b>343,386</b>	<b>1,938,129</b>
<b>Total</b>	<b>77,253,912</b>	<b>17,163,107</b>	<b>985,242</b>	<b>5,117,618</b>

Non-hazardous waste [kg] - Former General Cable (June - December 2018)				
Source	Power Cables	Telecom Cables	Accessories	Total
Waste compounds	5,425,171	338,283	-	5,763,454
Non-hazardous packaging	3,522,621	153,626	8,679	3,684,927
Non-hazardous ingredients for compounds	740,863	-	-	740,863
Sludge from treatment of emissions	-	-	-	-
Sludge from cleansing of civil water	77,020	18,263	-	95,283
Sludge from cleansing of industrial water	650,117	291,723	-	941,840
Urban waste	4,949,055	824,943	1,840	5,775,838
Wood	145,319	-	72,659	217,978
Other non-hazardous materials	3,945,478	556,345	138,433	4,640,256
<b>Total</b>	<b>19,455,644</b>	<b>2,183,183</b>	<b>221,611</b>	<b>21,860,439</b>

Non-hazardous waste [kg] - Prysmian Group (2017)					
Source	Power Cables	Telecom Cables	Accessories	Optical fibre	Total
Waste compounds	14,187,133	1,755,276	-	-	15,942,409
Non-hazardous packaging	9,449,139	2,823,314	415,331	251,787	12,939,751
Non-hazardous ingredients for compounds	1,313,796	-	-	-	1,313,796
Sludge from treatment of emissions	-	-	-	388,690	388,690
Sludge from cleansing of civil water	603,680	3,000	-	4,500	611,180
Sludge from cleansing of industrial water	434,718	8,402	-	1,872,565	2,315,685
Urban waste	10,537,876	3,561,472	391,286	811,720	15,302,353
Wood	62,718	-	-	-	62,718
Sawdust	-	-	-	275,350	275,350
Other non-hazardous materials	32,415,318	3,610,423	407,526	1,562,615	37,995,882
<b>Total</b>	<b>69,004,558</b>	<b>11,761,886</b>	<b>1,214,143</b>	<b>5,167,227</b>	<b>87,147,815</b>

## Water consumption

Water consumption by source [m <sup>3</sup> ] - Prysmian Group (2019)					
Source	Power Cables	Telecom Cables	Accessories	Optical fibre	Wire rod
Water from wells	4,120,034	233,274	260	912,491	9,136
Water from other sources	705,122	22,785	612,674	-	-
Water from public water main	2,188,944	224,401	61,240	297,497	46,647
<b>Total</b>	<b>7,014,100</b>	<b>480,460</b>	<b>674,174</b>	<b>1,209,988</b>	<b>55,783</b>

Water consumption by source [m <sup>3</sup> ] - Prysmian Group w/o General Cable (2018)				
Source	Power Cables	Telecom Cables	Accessories	Optical fibre
Water from wells	3,443,416	165,825	402	1,026,575
Water from other sources	667,615	19,580	604,497	-
Water from public water main	1,368,347	193,690	43,327	256,934
<b>Total</b>	<b>5,479,378</b>	<b>377,095</b>	<b>648,226</b>	<b>1,283,509</b>

Water consumption by source [m <sup>3</sup> ] - Former General Cable (June - December 2018)				
Source	Power Cables	Telecom Cables	Accessories	Total
Water from wells	481,724	674	0	482,398
Water from other sources	69,946	0	0	69,946
Water from public water main	389,430	42,856	1,541	433,827
<b>Total</b>	<b>941,100</b>	<b>43,530</b>	<b>1,541</b>	<b>986,171</b>

Water consumption by source [m <sup>3</sup> ] - Prysmian Group (2017)					
Source	Power Cables	Telecom Cables	Accessories	Optical fibre	Total
Water from wells	3,011,269	190,747	474,372	967,415	4,643,203
Water from other sources	682,526	9,782	11,196	10,123	713,627
Water from public water main	1,264,470	181,764	32,165	219,321	1,697,720
<b>Total</b>	<b>4,958,265</b>	<b>381,693</b>	<b>517,733</b>	<b>1,196,859</b>	<b>7,054,550</b>

DOCUMENT

## DESCRIPTION OF MATERIAL TOPICS

Macro area	Material topics	Description
Corporate governance and compliance	Business ethics and integrity	Business management model based on the most stringent standards of business ethics and integrity, especially with regard to the measures adopted by the Group to prevent both active and passive corruption.
	Cyber security and data protection	Strengthen the cyber security measures to manage information security risks and ensure the protection of data and privacy.
	Governance and transparency	Governance organisation and mechanisms designed to ensure the fair and transparent management of business activities and the involvement of employees, management and shareholders, partly via the share ownership plan reserved for employees.
Products	Customer Centricity	Market approach that makes the customer and product quality central to all strategic and organisational decisions.
	Technological development and Eco-design innovation	Research and development activity linked to the development of sustainable products and processes, considering the environmental and social impact of the product throughout its entire life cycle.
	Solutions for sustainable applications	Develop solutions that may generate sustainability benefits (e.g. solutions for plants that generate renewable energy, smart grids, innovative solutions for the electrical system).
Environment	Energy efficiency and combating climate change	Policies and actions to monitor and reduce energy consumption and minimise atmospheric emissions (e.g. initiatives to enhance energy efficiency, the use of renewable sources of energy, "green" practices in office areas).
	Waste management and recycling	Aware management of waste via the promotion of such practices as reuse, differentiated collection and recycling.
	Efficient use of water resources	Aware and efficient management of water resources.
	Efficient use of raw materials	Responsible and efficient use of the raw materials employed in production processes, considering their availability and impact.
Prysmian's People	Attracting talent and developing human capital	Policies and actions to attract talent and ensure the development of human resources, including training and mentoring programmes, remuneration policies, benefit policies and reward systems, career plans and long-term incentives.
	Company welfare and employee well-being	Promotion of physical and emotional well-being, the work-life balance and initiatives for employees and their families (e.g. creches and works canteens, flexi-hours and opportunities to work from home).
	Multiculturalism, diversity and equal opportunity	Promotion of multiculturalism and social inclusion, protection of diversity in the workplace and the reduction of wage differentials.
	Occupational health and safety	Systems for managing occupational health and safety, in order to reduce the number of injuries and occupational diseases and, via suitable training programmes, develop a culture of prevention and management covering these two aspects.
	Respect for human rights and workers' rights	Policies and actions to protect human rights throughout the entire value chain (banning child and forced labour, respect for freedom of association and collective bargaining, fair pay); development of collaborative relations with the trade unions.
Supply chain	Sustainable supply chain	Monitoring and assessment of suppliers on such topics as the environment, human rights and the social aspects, in addition to the quality of their products and services; building supplier awareness about the environment, human rights and the social aspects.
Local communities	Corporate Citizenship	Group activities designed to promote access to energy and telecommunications for everyone; sponsorships and donations for the development of local communities.

## CORRELATION TABLE DECREE 254/2016 GRI ASPECTS

Decree 254/16	Material aspects for Prysmian Group	GRI Aspects <sup>57</sup>
Employees	Attracting talent and developing human capital	401: Employment 404: Training and education
	Company welfare and employee well-being	401: Employment
	Occupational health and safety	403: Occupational health and safety (2016)
Anti-corruption	Business ethics and integrity	205: Anti-corruption
Human Rights	Respect for human rights and workers' rights	402: Labor/Management Relations 412: Human rights assessment
	Sustainable supply chain	414: Supplier social assessment
	Multiculturalism, diversity and equal opportunity	405: Diversity and equal opportunity
Social	Cyber security and data protection	418: Customer privacy
	Governance and transparency	206: Anti-competitive behavior
	Corporate citizenship	203: Indirect economic impacts
	Sustainable supply chain	204: Procurement practices
	Customer centricity	n.a.
Environmental	Business ethics and integrity	307: Environmental compliance
	Sustainable supply chain	308: Supplier environmental assessment
	Energy efficiency and combating climate change	302: Energy 305: Emissions
	Waste management and recycling	306: Effluents and waste
	Efficient use of water resources	303: Water (2016)
	Efficient use of raw materials	301: Materials
	Solutions for sustainable applications	301: Materials
Technological development and Eco-design innovation	n.a.	

<sup>57</sup> Material aspects that cannot be linked to a specific GRI aspect are marked as "not applicable" (n.a.).

## ANALYSIS OF THE TOPIC BOUNDARY OF MATERIAL ASPECTS FOR THE PRYSMIAN GROUP

Below is the analysis of the “topic boundary” (as defined by the GRI) for each material aspect of the Prysmian Group, as required by Disclosure 103 of the GRI. Reporting is not extended to the external perimeter. Concerning the reporting of the internal perimeter, the limitations are indicated precisely in the “Notes on data and information” and in correspondence with each table, where necessary.

GRI Aspects	Analysis of the “topic boundary” (internal or external to the Prysmian Group) of the material aspects	
	Internal	External
403: Occupational health and safety (2016)	Group	Suppliers
401: Employment	Group	-
402: Labor/Management Relations	Group	-
404: Training and education	Group	-
205: Anti-corruption	Group	-
206: Anti-competitive behavior	Group	-
307: Environmental compliance	Group	-
412: Human rights assessment	Group	Suppliers
405: Diversity and equal opportunity	Group	-
418: Customer privacy	Group	-
203: Indirect economic impacts	Group	-
204: Procurement practices	Group	Suppliers
308: Supplier environmental assessment	Group	Suppliers
414: Supplier social assessment	Group	Suppliers
302: Energy	Group	-
305: Emissions	Group	-
306: Effluents and waste	Group	-
303: Water (2016)	Group	-
301: Materials	Group	-

## GRI CONTENT INDEX

All standards used refer to the GRI Standards version published in 2016.

GRI Aspects	GRI Standards		Omission	Chapter/Page
	Disclosure	Description		
Organizational profile	102-1	Name of the organization		Prismian Group, linking the future - Page 14.
	102-2	Activities, brands, products, and services		Prismian Group, linking the future - Page 17.
	102-3	Location of headquarters		Via Chiese 6, Milan - Italy.
	102-4	Location of operations		Global Presence - Page 10-11.
	102-5	Ownership and legal form		Methodology - Page 154. A public company - Page 68-71.
	102-6	Market served		Prismian Group, linking the future - Page 16-17.
	102-7	Scale of the organization		Highlights - Page 4, 5. Letter to stakeholders - Page 6, 7.
	102-8	Information on employees and other workers		Responsibility towards people - Page 101-103. Attachments - Human resources - Page 160-162.
	102-9	Supply chain		Sustainable supply chain - Page 141-144.
	102-10	Significant changes to the organization and its supply chain		Methodology - Page 154-155.
	102-11	Precautionary Principle or approach		Integrated management of sustainability risks - Page 76-85.
	102-12	External initiatives		Sustainability is in our DNA - Page 30. Value for the community - Page 35.
	102-13	Membership of associations		Sustainability with in Prismian Group - Page 35.
Strategy	102-14	Statement from senior decision-maker		Letter to Stakeholders - Page 6-7.
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior		Prismian Group, linking the future - Page 15.
	102-17	Mechanisms for advice and concerns about ethics		Ethics and integrity - Page 96.
Governance	102-18	Governance structure		Corporate Governance - Page 86-89.
	102-22	Composition of the highest governance body and its committees		Corporate Governance - Page 86-89.
	102-23	Chair of the highest governance body		Corporate Governance - Page 87.
	102-25	Conflicts of interest		Ethics and integrity - Page 92-95.
Stakeholder engagement	102-40	List of stakeholder groups		Sustainability is in our DNA - Page 36.
	102-41	Collective bargaining agreements		Responsibility towards people - Page 112.
	102-42	Identifying and selecting stakeholders		Sustainability is in our DNA - Page 36-37.
	102-43	Approach to stakeholder engagement		Sustainability is in our DNA - Page 36-37.
	102-44	Key topics and concerns raised		Sustainability is in our DNA - Page 37-39.

GRI Aspects	GRI Standards		Omission	Chapter/Page
	Disclosure	Description		
Reporting practice	102-45	Entities included in the consolidated financial statements		Methodology - Page 154-157.
	102-46	Defining report content and topic Boundaries		Analysis of the topic boundary of material aspects for the Prysmian Group - Page 175.
	102-47	List of material topics		Attachments - Description of material topics - Page 173.
	102-48	Restatements of information		Methodology - Page 154-155.
	102-49	Changes in reporting		Methodology - Page 154-155.
	102-50	Reporting period		Methodology - Page 154.
	102-51	Date of most recent report		Methodology - Page 154-155.
	102-52	Reporting cycle		Methodology - Page 155.
	102-53	Contact point for questions regarding the report		Methodology - Page 155.
	102-54	Claims of reporting in accordance with the GRI Standards		Methodology - Page 154.
	102-55	GRI content index		GRI Content Index - Page 176-183.
	102-56	External assurance		Independent Auditors' Report - Page 184-187.
302: Energy	103-1	Explanation of the material topic and its Boundary		Environmental responsibility - Page 122-126. Attachments - Description of material topics - Page 173. Analysis of the topic boundary of material aspects for the Prysmian Group - Page 175.
	103-2	The management approach and its components		Environmental responsibility - Page 122-126.
	103-3	Evaluation of the management approach		Our targets for 2022 - Sustainability Scorecard - Page 32-33. Environmental responsibility - Page 122-126.
	302-1	Energy consumption within the organization		Environmental performances - Page 127-128, 135. Attachments - Environment - Page 166-167.
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305: Emissions	103-1	Explanation of the material topic and its Boundary		Environmental responsibility - Page 122-126. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Environmental responsibility - Page 122-126.
	103-3	Evaluation of the management approach		Our targets for 2022 - Sustainability Scorecard - Page 32-33. Environmental responsibility - Page 122-126.
	305-1	Direct (Scope 1) GHG emissions		Environmental performance - Page 127, 129-131, 135. Attachments - Environment - Page 168.
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	Disclosure	Description		
301: Materials	103-1	Explanation of the material topic and its Boundary		Sustainable supply chain - Page 141-142. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Sustainable supply chain - Page 141-142.
	103-3	Evaluation of the management approach		Our targets for 2022 - Sustainability Scorecard - Page 32-33. Sustainable supply chain - Page 144.
	301-1	Materials used by weight or volume		Sustainable supply chain - Page 144.
306: Effluents and waste	103-1	Explanation of the material topic and its Boundary		Environmental responsibility - Page 122-125. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Environmental responsibility - Page 122-125.
	103-3	Evaluation of the management approach		Our targets for 2022 - Sustainability Scorecard - Page 32-33. Environmental performance - Page 122-125.
	306-2	Waste by type and disposal method		Environmental performance - Page 127, 131-132, 135. Attachments - Environment - Page 169-171.
303: Water	103-1	Explanation of the material topic and its Boundary		Environmental responsibility - Page 122-125. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Environmental responsibility - Page 122-125.
	103-3	Evaluation of the management approach		Our targets for 2022 - Sustainability Scorecard - Page 32-33. Environmental responsibility - Page 122-125.
	303-1	Water withdrawal by source		Environmental performance - Page 133-134. Attachments - Environment - Page 172.
203: Indirect Economic Impacts	103-1	Explanation of the material topic and its Boundary		Commitment to the community - Page 117-118. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Commitment to the community - Page 117-118.
	103-3	Evaluation of the management approach		Commitment to the community - Page 117-118.
	203-1	Infrastructure investments and services supported		Commitment to the community - Page 117-118.

GRI Aspects	GRI Standards		Omission	Chapter/Page
	Disclosure	Description		
<b>204: Procurement Practices</b>	103-1	Explanation of the material topic and its Boundary		Sustainable supply chain - Page 141-142. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Sustainable supply chain - Page 141-144.
	103-3	Evaluation of the management approach		Sustainable supply chain - Page 141-144.
	204-1	Proportion of spending on local suppliers		Sustainable supply chain - Page 144.
<b>308: Supplier environmental assessment</b>	103-1	Explanation of the material topic and its Boundary		Responsible supply chain - Page 145-147. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Responsible value chain - Page 145-147.
	103-3	Evaluation of the management approach		Our targets for 2022 - Sustainability Scorecard - Page 32-33. Responsible value chain - Page 145-147.
	308-2	Negative environmental impacts in the supply chain and action taken		Responsible value chain - Page 146.
<b>414: Supplier Social Assessment</b>	103-1	Explanation of the material topic and its Boundary		Sustainable supply chain - Page 145-147. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Sustainable supply chain - Page 145-147.
	103-3	Evaluation of the management approach		Our targets for 2022 - Sustainability Scorecard - Page 32-33. Sustainable supply chain - Page 145-147.
	414-2	Negative social impacts in the supply chain and action taken		Sustainable supply chain - Page 146.
<b>403: Occupational Health and Safety</b>	103-1	Explanation of the material topic and its Boundary		Occupational Health and Safety - Page 114-117. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Occupational Health and Safety - Page 114-117.
	103-3	Evaluation of the management approach		Our targets for 2022 - Sustainability Scorecard - Page 32-33. Occupational Health and Safety - Page 114-117.
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		Occupational Health and Safety - Page 114-117. Attachments - Health and safety - Page 164-165.

GRI Aspects	GRI Standards		Omission	Chapter/Page
	Disclosure	Description		
401: Employment	103-1	Explanation of the material topic and its Boundary		Responsibility towards people - Page 100. The development of talent - Page 106-107. The wellbeing of our employees - Page 111. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Responsibility towards people - Page 100. The development of talent - Page 106-107. The wellbeing of our employees - Page 111.
	103-3	Evaluation of the management approach		The development of talent - Page 106-107. The wellbeing of our employees - Page 111.
	401-1	New employee hires and employee turnover		Our human capital - Page 103. Attachments - Human resources - Page 160-162.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		The wellbeing of our employees - Page 111.
402: Labor/ Management Relations	103-1	Explanation of the material topic and its Boundary		Responsibility towards people - Page 100. Dialogue with social partners and collective bargaining - Pag. 112. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Responsibility towards people - Page 100. Dialogue with social partners and collective bargaining - Pag. 112.
	103-3	Evaluation of the management approach		Dialogue with social partners and collective bargaining - Pag. 112.
	402-1	Minimum notice periods regarding operational changes		Dialogue with social partners and collective bargaining - Pag. 112.
404: Training and Education	103-1	Explanation of the material topic and its Boundary		Responsibility towards people - Page 100. The development of talent - Page 106-107, 109-110. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Responsibility towards people - Page 100. The development of talent - Page 106-107, 109-110.
	103-3	Evaluation of the management approach		The development of talent - Page 106-107, 109-110.
	404-1	Average hours of training per year per employee		The development of talent - Page 110. Attachments - Human resources - Page 163.

GRI Aspects	GRI Standards		Omission	Chapter/Page
	Disclosure	Description		
405: Diversity and Equal Opportunity	103-1	Explanation of the material topic and its Boundary		Responsibility towards people - Page 100. Diversity and equal opportunity - Page 104-105. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Diversity and equal opportunity - Page 104-105.
	103-3	Evaluation of the management approach		Our targets for 2022 - Sustainability Scorecard - Page 32-33. Our human capital - Page 102-103.
	405-1	Diversity of governance bodies and employees		Corporate Governance - Page 87. Our human capital - Page 102-103. Attachments - Human resources - Page 160.
412: Human Rights Assessment	103-1	Explanation of the material topic and its Boundary		Integrated management of sustainability risks - Page 85. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Integrated management of sustainability risks - Page 85.
	103-3	Evaluation of the management approach		Integrated management of sustainability risks - Page 85.
	412-1	Operations that have been subject to human rights reviews or impact assessment		Integrated management of sustainability risks - Page 85.
205: Anti-corruption	103-1	Explanation of the material topic and its Boundary		Ethics and integrity - Page 92-96. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Ethics and integrity - Page 92-96.
	103-3	Evaluation of the management approach		Ethics and integrity - Page 92-96.
	205-2	Communication and training about anti-corruption policies and procedures		Ethics and integrity - Page 92-95.
	205-3	Confirmed incidents of corruption and actions taken		Ethics and integrity - Page 94.
206: Anti-competitive Behavior	103-1	Explanation of the material topic and its Boundary		Ethics and integrity - Page 92-96. Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Ethics and integrity - Page 92-96.
	103-3	Evaluation of the management approach		Ethics and integrity - Page 92-96.

GRI Aspects	GRI Standards		Omission	Chapter/Page
	Disclosure	Description		
<b>418: Customer privacy</b>	103-1	Explanation of the material topic and its Boundary		Ethics and integrity - Page 95-96. Cyber security - Page 97-99.
	103-2	The management approach and its components		Ethics and integrity - Page 95-96. Cyber security - Page 97-99.
	103-3	Evaluation of the management approach		Cyber security - Page 97-99.
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Cyber security - Page 99.
<b>307: Environmental compliance</b>	103-1	Explanation of the material topic and its Boundary		Ethics and integrity - Page 92.
	103-2	The management approach and its components		Integrated management of sustainability risks - Page 84-85.
	103-3	Evaluation of the management approach		Integrated management of sustainability risks - Page 84-85. Environmental performances - Page 127.
	307-1	Non-compliance with environmental laws and regulations		Environmental performances - Page 127.

Materials issues not covered by GRI Aspects				
GRI Aspects	GRI Standards		Omission	Chapter/Page
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Customer centricity	103-1	Explanation of the material topic and its Boundary		Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Our customer-centric approach - Page 136-140
	103-3	Evaluation of the management approach		Our customer-centric approach - Page 136-140.
Technological development and Eco-design innovation	103-1	Explanation of the material topic and its Boundary		Attachments - Description of material topics - page 173. Analysis of topic boundary of the material aspects for Prysmian Group - Page 175.
	103-2	The management approach and its components		Leading innovation - Page 54-55. Environmental responsibility - Page 126.
	103-3	Evaluation of the management approach		Leading innovation - Page 54-55. Environmental responsibility - Page 126. Our targets for 2022 - Sustainability Scorecard - Page 32-33.

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SUSTAINABILITY REPORT

# Independent Auditors' Report

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## Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018 (Translation from the original Italian text)

To the Board of Directors of  
Prysmian S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Prysmian S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on 31<sup>st</sup> December 2019 in accordance with article 4 of the Decree approved by the Board of Directors on 5<sup>th</sup> March 2020 (hereinafter "DNF").

### Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by GRI – Global Reporting Initiative ("GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes

documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Prysmian Group's consolidated financial statements;
4. understanding of the following aspects:
  - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
  - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
  - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with the management of Prysmian S.p.A. and with the personnel of Prysmian Netherlands B.V., General Cable Company Ltd., Prysmian Cables and Systems Canada Ltd., Prysmian Cabluri Si Sisteme S.A., Prysmian Kabel und Systeme GmbH, Norddeutsche Seekabelwerke GmbH and we have performed limited

documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Prysmian Netherlands B.V. (Delft plant), General Cable Company Ltd. (St. Jerome plant), Prysmian Cables and Systems Canada Ltd. (Prescott plant), Prysmian Cabluri Si Systeme S.A. (Slatina plant), Prysmian Kabel und Systeme GmbH (Neustadt plant), Norddeutsche Seekabelwerke GmbH (Nordenham plant) that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

## Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Prysmian Group for the year ended on 31<sup>st</sup> December 2019 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Milan, 18<sup>th</sup> March 2020

EY S.p.A.

Signed by: Pietro Carena, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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