2011 SUSTAINABILITY REPORT

LINKING SUSTAINABLE IDEAS TO REAL-WORLD RESULTS

Prysmian Group

PRYSMIAN

Draka

2011 SUSTAINABILITY REPORT
PRYSMIAN GROUP

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LETTER TO STAKEHOLDERS

The purpose of integrating the processes of Prysmian and Draka has also involved the sphere of sustainability, primarily reflected in the energy devoted to reporting the Group's performance on a unified basis

The year 2011 saw a series of profound changes for Prysmian, from the acquisition of Draka and the definition of a new organisational and corporate structure to the establishment of Prysmian Group. The birth of the new industrial enterprise - world leader of the energy and telecom cables industry - has represented a major and complex challenge, which has seen the entire Group engaged in defining and quickly and effectively implementing the integration between the two companies in terms of manufacturing, organisation and management.

Against this backdrop, Prysmian has decided to intensify **its commitment to an ever clearer, more transparent and complete communication about its business**, continuing the process started last year with the publication of its first Sustainability Report. In fact, the purpose of integrating the processes of the two companies has also involved the sphere of sustainability, primarily reflected in the energy devoted to reporting the Group's environmental, economic and social performance on a unified basis.

Publication of the *2011 Sustainability Report* is the first achievement in this area. Consistent with the decision made in 2010, this year's report has once again been prepared using the **Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines as the methodological framework**. Despite the complexities involved in integrating data collection and processing systems, the report is actually **more compliant with the GRI Guidelines than last year**, both in terms of the approach to reporting and the number of indicators used.
In fact, the merger with Draka has made it possible to extend and broaden our knowledge of business sustainability issues, helping make our Sustainability Report an instrument increasingly able to satisfy our Stakeholder needs for information and understanding.

The 2011 Sustainability Report provides good coverage of the GRI indicators relating to Organisational Profile (including the areas of "Governance" and "Stakeholder Engagement") in response to the "materiality" reporting principle contained in the Guidelines.
Compared with the 2010 Report, the number of **economic, social and environmental performance indicators presented has increased from 37 to 43**. In particular, some new indicators have been introduced in the areas of "Human Rights" (application of human rights principles by suppliers and contractors), of "Work" (by identifying the risks for incidents of child labour, and the activities in which freedom of association may be at risk) and of identification of risks relating to potential corruption in the conduct of business.
In the **environmental area** the Report presents the criteria for identifying the Prysmian Group's core indicators (energy consumption, water consumption, waste production and ozone-depleting substances), while some progress still needs to be made where biodiversity indicators are concerned.

This work has brought the 2011 Sustainability Report significantly closer to qualifying as GRI Application Level C, since it now contains **24 out of the 28 indicators required for "Profile Disclosures" and 9 out of the 10 "Performance Indicators" required in the social, economic and environmental categories**.

On a **practical** front, the merger of the two companies was the driving force behind activities in the health, safety and environment area in 2011. The transition to "One Company" has sparked a series of initiatives aimed at the synergistic integration of the two businesses, while also representing an opportunity for further improvement by capitalising on the wealth of experience and record of the two multinational corporations. A first training event has been held for this purpose for all the country or region HSE managers, with the main aim to create a common language to ensure uniform **HSE** management in all the Group's operating units, by promoting the exchange of know-how and skills.
The harmonisation of procedures has allowed us to collect environmental data using the same criteria for all Prysmian Group plants, laying the foundations for ever more accurate reporting in future editions of the Report. In terms of performance, analysis of the data shows a consolidation of certain positive trends, like in the case of the Prysmian "Energy cables" plants, where total energy consumption - in terms di GJ per tonne produced - went from 3.25 in 2009 to 3.17 in 2011, while water consumption was down on the previous year from 7.5 m^3 to 7.1 m^3 per tonne of product. In other cases, significant differences in the figures between the Prysmian and Draka plants that are unrelated to specific processes, are the basis for targeted reviews to identify scope for improvement.

Attention to the environment has also continued to permeate **Research & Development** activities,

resulting in the development of several projects heavily focused on sustainability. These included, in the *Trade & Installers* business area, the creation and launch of the new *Afumex 750 Green* cable, whose insulation uses a polyolefin derived from sugar cane. This is the first time ever a polyolefin derived from renewable sources has been used and allows reduction of the CO2 emissions in the atmosphere, for each tonne of green resin produced. With reference to the P-Laser technology platform, a project has been completed to compare the environmental impact - expressed in terms of quantity of emissions of CO2 equivalents - of the two different systems for producing energy cables: *P-Laser and medium voltage* XLPE. The study was carried out using the Carbon Footprint method, commonly used to measure total environmental impact in terms of the quantity of emissions of CO2 equivalents. The final results have shown a significant reduction (up to 70%) of the CO2 emissions associated with P-Laser cables compared to XLPE cables.

In terms of **Human Resources**, the Group redesigned its personnel management and development strategy during 2011 in view of the Prysmian and Draka integration. The new strategy - designed to strengthen the central role of human resources - establishes a common model for the entire Group, based on the principles and values of the Code of Ethics and focused on supporting the professional development of employees. Several training and development initiatives were developed and implemented during the year in the areas of both managerial and technical skills. In particular, three programmes have been developed in the area of management training: *Build the Future, Link the Future and Lead the Future*, respectively aimed at recent graduates, young talents and the Group's key people or leaders. The *Academy* programmes to enhance technical skills have been developed in the form of masters courses for each job function or job family that are designed to augment, preserve and share the Group's know-how.

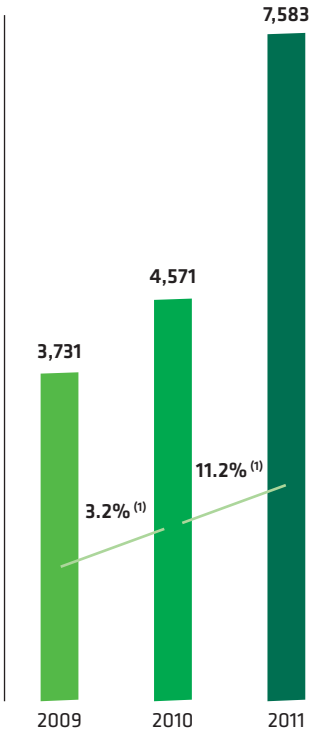
Attention to its human resources combines with Prysmian Group's **social commitment** in developing areas of the countries in which it operates. In particular, the Group promotes environmental improvement and strengthening of local communities by supporting initiatives and public interest projects such as infrastructure construction and projects in support of public health, work and education. Among these, during the year Prysmian renewed its commitment in Tanzania in support of the construction of a hydroelectric plant for the development of the village of Madunda, by providing technical support and materials for the benefit of a growing number of users.

In closing, it should be emphasised that Prysmian sees the Sustainability Report as a living, continuously evolving and improving instrument, which helps to enhance the basic principles, values and social and environmental objectives shared at all levels of the organisation and its dialogue with Stakeholders.

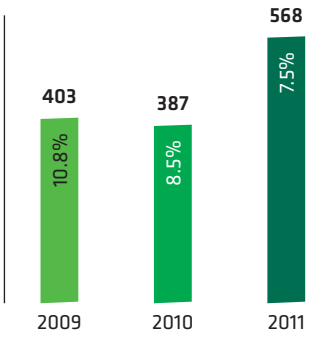
Valerio Battista, Chief Executive Officer

EXECUTIVE **SUMMARY**

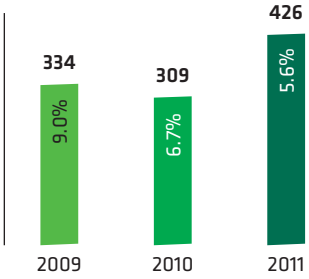
KEY FINANCIAL NUMBERS (*)



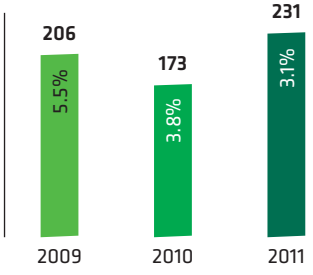
SALES



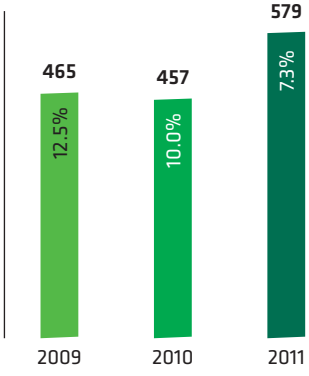
ADJ. EBITDA (2)



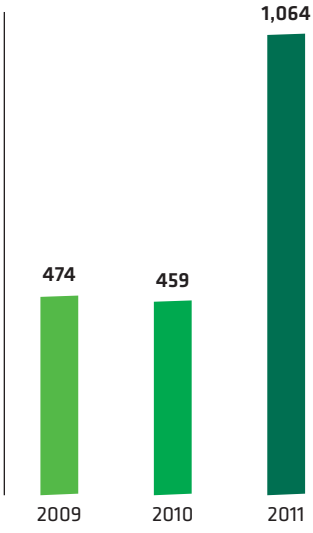
ADJ. OPERATING INCOME (3)



ADJ. NET PROFIT (4)



NET OPERATING WORKING CAPITAL (5)



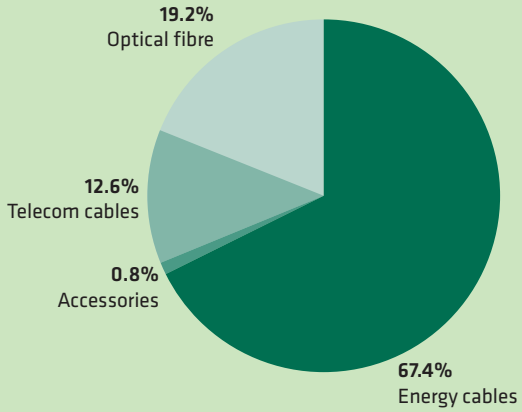
NET FINANCIAL POSITION

(1) Organic growth: growth net of changes in the group structure, in metal prices and exchange rates.
(2) Adjusted EBITDA is defined as EBITDA before non-recurring income/(expenses).
(3) Adjusted Operating Income is defined as Operating Income before non-recurring income/(expenses) and the fair value change in derivatives and in other fair value items.
(4) Adjusted Net Profit is defined as net profit/(loss) before non-recurring income/(expenses), the effect of derivatives and of other fair value items, exchange rate differences and the related tax effects.
(5) Net Operating Working Capital means Net Working Capital excluding the effect of derivatives. The percentage is calculated as Net Working Capital/Annualised last-quarter sales.
(*) In millions of Euro.

KEY ENVIRONMENTAL NUMBERS

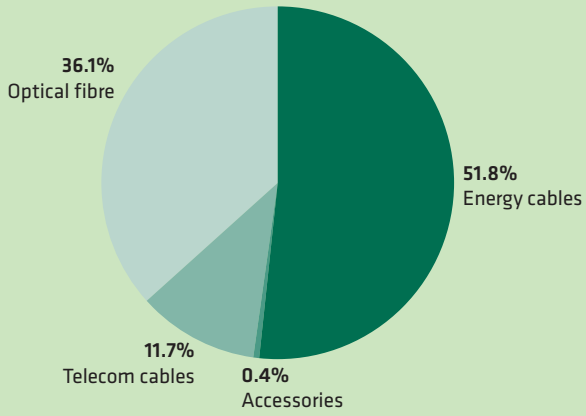
ENERGY CONSUMPTION 2011

Total (GJ): 6,185,185



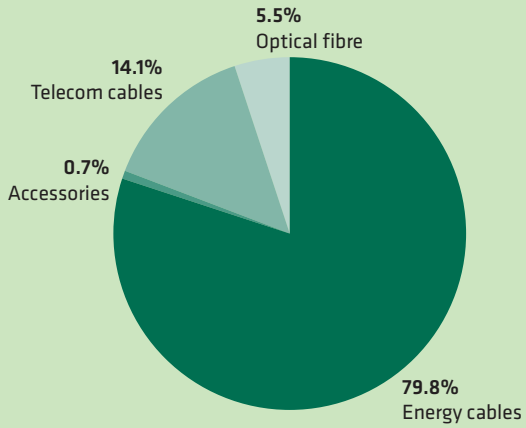
HAZARDOUS WASTE DISPOSAL 2011

Total (kg): 9,429,284



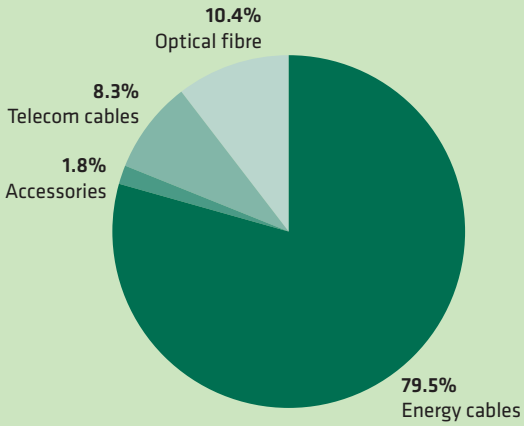
NON-HAZARDOUS WASTE DISPOSAL 2011

Total (kg): 83,172,327

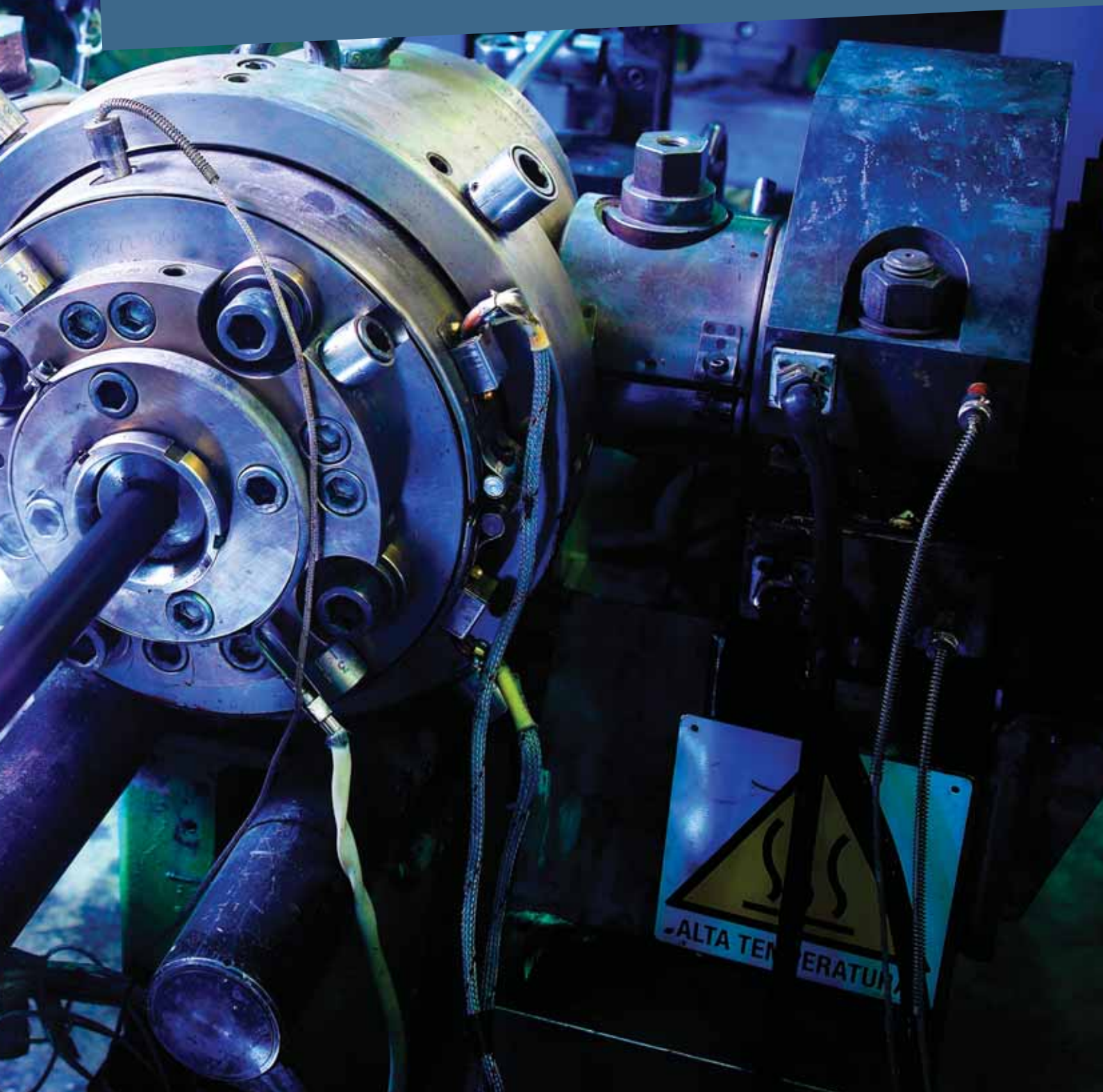


WATER CONSUMPTION 2011

Total (m^3): 9,894,569



PRYSMIAN GROUP



PRYSMIAN GROUP AT A GLANCE

WHAT CONNECTS ENERGY AND INFORMATION TO GLOBAL GROWTH?

Prysmian Group is world leader of the energy and telecom cables and systems industry.

The Group has been formed through the union of Prysmian and Draka, already leaders in their markets for innovation and technological know-how, by combining the strengths of both and achieving increased investment potential and geographical coverage, as well as the most extensive range of products on the market.

Prysmian Group is also characterised by being a public company, a listed company without a controlling shareholder, managed on a transparent basis and leveraging its ability to gain and maintain the continued confidence of its investors.

A key factor in managing the Group's business is attention to sustainable development and the environment. As part of its activities, the Prysmian Group is involved in implementing management and production processes which help improve environmental sustainability and safety at work, in accordance with the guidelines of its HSE policy.

HISTORY

1879
Foundation of Pirelli Cavi and expansion

Prysmian Group's history has its roots in the history of the Pirelli Group.
A few years after the foundation of the company, the activities of Pirelli Cavi e Sistemi commenced.

1910
Draka foundation

Draka is founded under the name of Hollandsche Draad & Kabel Fabriek.

1970
In the Philips route

The company is acquired by Philips and became part of the Wire and Cable division.

1986
Independence

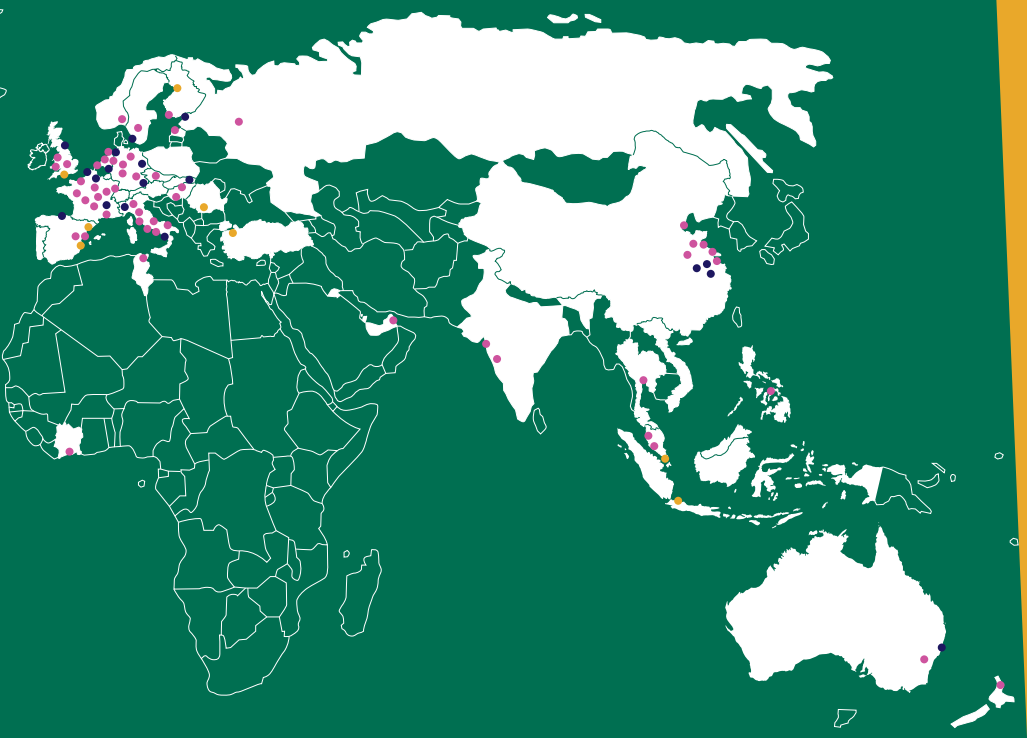
The business became independent through a buyout financed by Parcom and Flint Beheer, at which point the name Draka was born.

1998
Growth through acquisitions

The company begins targeted acquisitions, including the power cable businesses of Siemens, BICC, Metal Manufacturers Ltd and NKF.

2005
Birth of Prysmian Cables & Systems

Prysmian is founded in July 2005 through the acquisition of the energy and telecom cables and systems activities of Pirelli.



50 COUNTRIES
97 PLANTS
17 R&D CENTRES
22,000 EMPLOYEES

- *Prysmian Group global presence*
- *Energy* ***(65)***
- *Telecom* ***(20)***
- *Combined Energy and Telecom* ***(12)***

Prysmian Group

2007-2010
Listed/Public company

Indirectly controlled by The Goldman Sachs Group, Prysmian becomes a listed company quoted in the blue chip sector of the Milan stock exchange.
In 2010 it becomes a truly public company.

2011
Birth of the Prysmian Group

1987-2010
External growth

A series of global acquisitions marked the Group's external growth over a period of more than 20 years, including the acquisitions of Philips Optical Fibres and Alcatel.

The union of Prysmian and Draka and combination of two market leaders gives birth to the cable industry's new world leader.

Prysmian Group video

KEEPING CUSTOMERS AS OUR FOCUS

With over 130 years of experience and a presence in more than 50 countries around the world, the Group is strongly positioned at the high-tech end of the market and offers the most comprehensive range of products, services, technologies and know-how available on the market. In the Energy sector, Prysmian Group operates in the business of underground and submarine power transmission cables and systems, special cables for applications in many different industrial sectors and medium and low voltage cables for the construction and infrastructure industry. In the Telecom sector, the Group manufactures cables and accessories for the voice, video and data transmission industry, offering a complete range of optical fibres, optical and copper cables and connectivity systems.

Customer centricity, defined as the ability to anticipate and quickly meet customer needs, is a hallmark of the Group's activities and is reflected in its constant presence, from product design through to delivery, and provision of a level of service in line with customer expectations which are constantly monitored using specific, agreed parameters.

Prysmian Group is able to develop solutions that not only meet specific standards but also satisfy precise customer requirements. This is achieved by having a fast, smooth organisation throughout the supply chain, capable of speeding up decision-making and time to market by adapting itself to the demands of the various industries and continuously investing in innovation.

The Group is always raising its goalposts, with the aim of being a benchmark in terms of quality of service, speed and flexibility.

Prysmian Group works for utilities and electrical grid operators all over the world on some of the major **submarine power interconnection** projects, including SAPEI in Italy, which is not only the longest ever connection ever produced by a single supplier (more than 400 km) but also boasts a number of industry records in terms of power transmitted (1000 MW) and maximum depth (more than 1600 metres). The Trans Bay, Neptune and Hudson projects in the United States are illuminating large areas from San Francisco to New York City with energy from different sources, including renewables and natural gas.

The Group has helped build the **electrical grids** in some of the world's largest cities, from New York to Buenos Aires, from London to St. Petersburg, from Singapore to Hong Kong.

In the **renewable energy** sector, Prysmian Group is a world leader in connections for offshore wind farms, with technology that includes cables for wind turbine operation, inter-array cables and cables for mainland connection. In addition to its involvement in major projects realised in recent years throughout Europe, particularly in the United Kingdom, the Group has supplied cabling solutions for the SylWin1 wind farm in Germany, representing an industry milestone with a rating of 864 MW and a record voltage of 320 kV DC.

We support the **petrochemicals industry** with a wide range of high-tech products. A strategic technical cooperation agreement with Petrobras has introduced Prysmian Group to the sector of high-tech flexible pipes for oil drilling, which, combined with our existing production of umbilical cables for offshore oil platforms, allows us to offer Oil Gas and Petrolchemicals operators a complete range of SURF (Subsea Umbilical, Riser and Flowline) products and services.

In the **construction sector**, our fire-resistant cables can be found in the very heart of the most spectacular, state-of-the-art developments, like the Wimbledon tennis stadium and Masdar City in the Arab Emirates, the world's first carbon-neutral city. By cabling the Burj Khalifa in Dubai, the world's tallest building at 828 metres high, the Group has guaranteed the safety of every one of its 162 floors with elevator cables and fire-resistant cables the length of which is more than 1,300 times the tower's height. In Singapore, our solutions have helped

to build the Marina Bay Sands, the most expensive and luxurious casino resort ever built and one of the most challenging construction projects in the world.

In the **transport sector** we have cabled some of the world's biggest aircraft and ships, like the Royal Caribbean's GENESIS fleet, the fastest trains, like those designed by Alstom and Siemens, and the most innovative metro systems, like the one in Istanbul. Three million passengers on the London Underground travel each day through 275 stations along 400 km of lines, thanks to Prysmian and Draka fire-resistant cables.

By measuring the thickness of ice on land and water, satellites equipped with our cables are continuously monitoring the planet by providing detailed images of specific places and evidence of climatic change. We are proud to be involved in major **space projects** as a partner of the European Space Agency.

Prysmian Group is the world's top manufacturer of **telecom cables**, which with it contributes to developing the infrastructure of many of the major industry players. The wide range of copper and fibre solutions for voice, video and data, continuous investments in R&D and more than 30 dedicated factories allow the Group to support information flows between communities around the world.
High fibre-count ribbon cables are helping the Australian government to achieve its goal of creating a "Fibre-to-the-Premises" network that will connect 93% of the country's residential and commercial buildings. This project confirms the Group's central role in the largest infrastructure challenge ever faced in Australia's history.
The quality of our optical fibre allows us to meet the most delicate and forward-looking challenges. Draka optical fibre cables were chosen for the construction of the Large Hadron Collider (LHC), the largest particle accelerator at CERN in Geneva. The 1,500 km of cables installed in the tunnel, that convey the vast quantity of data generated by experiments to the supercomputer, have allowed us to receive a Golden Hadron, an award for suppliers that not only meet the needs and requirements of CERN, but exceed their contractual obligations.

PARTNER
OF THE WORLD'S
KEY PLAYERS

PRYSMIAN GROUP CSR MILESTONES

"FRIENDS OF THE SUPERGRID" AND "MEDGRID" TO PROMOTE CLEAN ENERGY

The Group supports the development of renewable energy transmission and distribution grids through its participation in two major projects: "Friends of the Supergrid", an international organisation whose mission is to support the development of a pan-European offshore supergrid, and "Medgrid", a trans-Mediterranean supergrid for routing renewable energy from North Africa to Europe.

QUEST FOR GREEN ENERGY FROM THE TIDES

Prysmian cables have been selected by FORCE (Fundy Ocean Research Centre for Energy) for the world's largest tidal power generation project. In addition, Draka has worked with Uppsala University, in Sweden, to develop cable connections between the sea surface and sea bed.

HYBRID CABLES TO MEET THE FUTURE CHALLENGE OF ELECTRIC VEHICLES

The Group is involved in the exciting challenge of electric and hybrid vehicles, as eco-friendly alternatives to fossil fuel pollution, for which it is developing cables to satisfy high temperature standards and high voltage resistance, using the most shielding technologies possible.

CARBON FOOTPRINT, THE FRENCH PROJECT FOR SUSTAINABLE DEVELOPMENT

The "Sustainable Development Project" started by Prysmian Câbles et Systèmes France to quantify and illustrate the CO2 content of the organisation's activities demonstrates the Group's commitment to improving its control of environmental performance and has led to the definition of specific objectives and targets.

WORLDSKILLS: IN SUPPORT OF EDUCATION AND TRAINING

Draka has provided support for many years to Worldskills, a not for profit organisation that promotes vocational education and training with the goal of contributing to the economic and social development of the countries and populations involved.

P-LASER, THE ECO-SUSTAINABLE CABLE MAKING INNOVATIONS IN POWER DISTRIBUTION

The Group has recently launched the P-Laser eco-sustainable power distribution cable for the utilities sector, developed and produced using innovative technology.

P-Laser has revolutionary high-performance insulation using fully recyclable thermoplastic materials.

SUPPORT FOR RURAL ELECTRIFICATION IN TANZANIA

Through the ACRA project, the Prysmian Group has helped the population of Madunda in the south of Tanzania to improve living conditions and the local economy by supporting the construction of a hydroelectric plant on the Kisongo river.

TRAINING DEDICATED TO YOUNG STAFF

Prysmian Group devotes attention to the induction of young staff. A 6-month international training programme for newly-qualified engineers starts after an initial selection and assessment process and involves both lessons in the classroom and on-site workshops.

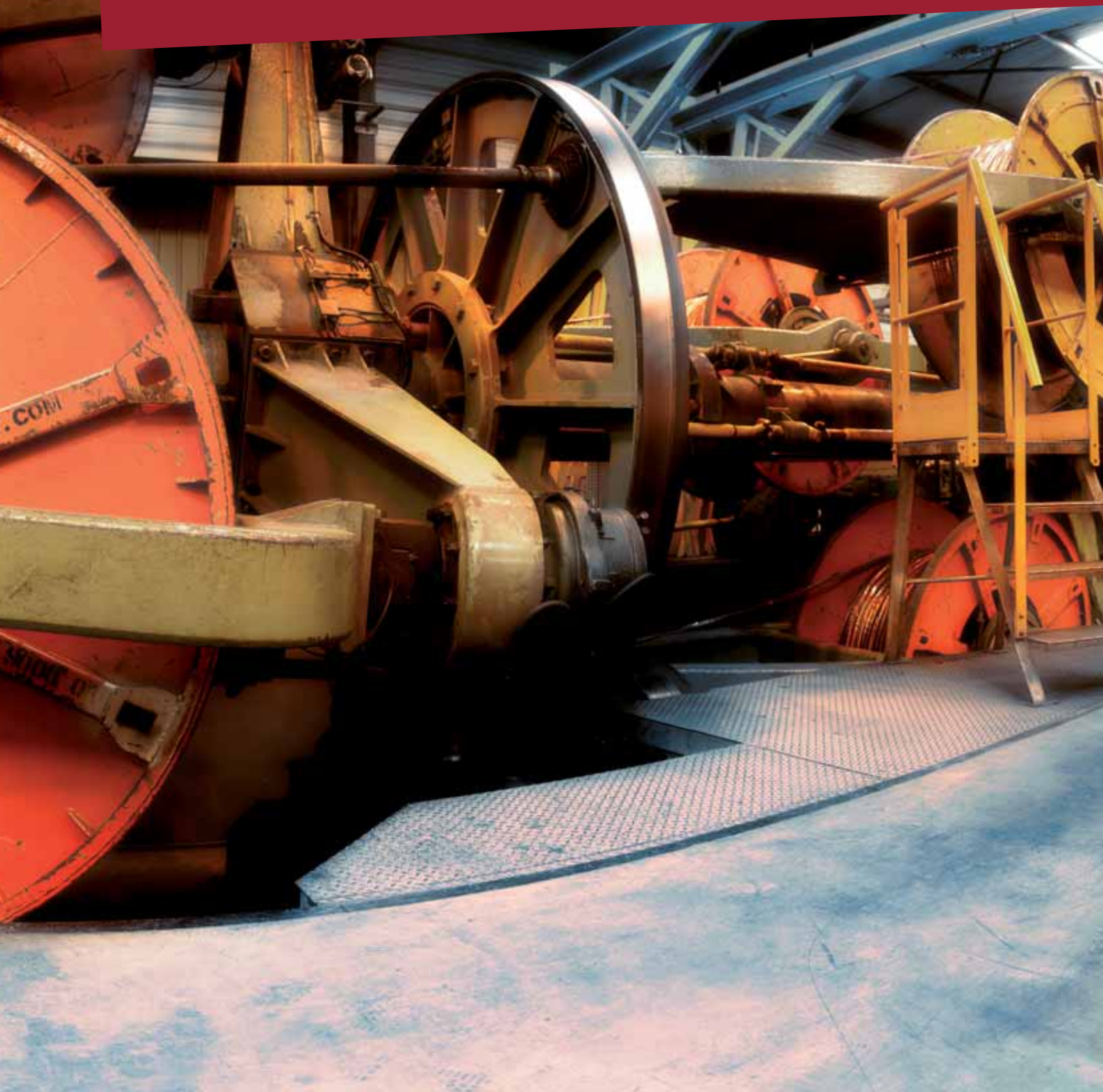
AFUMEX: CABLES THAT REDUCE EMISSIONS DURING FIRES

Prysmian Group technology has developed a generation of cables made with a Low Smoke Zero Halogen (LSOH) sheath that offer significant advantages in terms of both safety and environmental impact in the event of fire.

EXCELLENCE OF GRON: ENVIRONMENTAL SUSTAINABILITY THROUGHOUT THE PRODUCTION CYCLE

The example of the French plant in Gron highlights the special attention paid to goods movement by preferring less polluting means of transport (approximately 20% of total production is transported by low environmental impact barges, allowing a significant reduction in CO_2 emissions).

ECONOMIC AND **FINANCIAL** INFORMATION



ALL-TIME RECORDS IN OFFSHORE WIND, THE SYLWIN1 PROJECT AN INDUSTRY MILESTONE

The Group was awarded three major contracts in 2011 to develop high voltage links for offshore wind farms in Europe.

In January, Prysmian signed a contract with TenneT, an operator of electricity grids in Germany and the Netherlands, for the SylWin1 project to link offshore wind farms in the North Sea to mainland Germany. The project, worth over Euro 250 million, represents a technological record in terms of length, power and voltage and involves the design, supply, installation and commissioning of submarine and underground cable links.
In the same period, Draka Offshore was awarded a contract for the inter-array cabling of the Gwynt y Môr offshore wind farm, off the north coast of Wales, for which Prysmian had already secured an onshore cabling contract. Once operational, the farm is expected to generate a quantity of power equivalent to the average annual needs of about 400,000 homes.
The third contract secured by the Group relates to the supply of a submarine and underground cable system for the HelWin2 project to link offshore wind farms in the North Sea to mainland Germany.

These latest contracts once again demonstrate the Prysmian Group's key position in developing high voltage cable systems for power transmission thanks to its technical expertise and commitment to supporting smarter and greener power grids around the world.

FINANCIAL RESULTS

The Group's adjusted EBITDA came to Euro 568 million, posting an increase of Euro 181 million on 2010

The Prysmian Group's sales in 2011 totalled Euro 7,583 million, compared with Euro 4,571 million at the end of 2010.
The overall increase of Euro 3,012 million (+65.9%) comprises:

- Euro 2,220 million (+48.6%) for the first-time consolidation of Draka from 1 March 2011, net of Euro 59 million in intragroup transactions;
- Euro 792 million (+17.3%) in sales growth by the pre-acquisition Prysmian Group.

Net of changes in the scope of consolidation, metal prices and exchange rates, sales were significantly higher than in 2010, reporting organic growth of 11.2%, analysed by operating segment as follows:

Energia	+ 10,5%
Telecom	+ 17,4%

The Energy segment benefited from a global recovery in volumes in all its business areas, particularly in North Europe, South America and Asia Pacific, while Telecom segment growth mostly came from optical fibre cables in places like North America and Australia.

Draka's full-year sales for 2011 totalled Euro 2,669 million, reporting an increase of Euro 250 million (+10.4%) on the prior year and organic growth of 4.2%.
The Prysmian Group's overall organic growth for the entire year (consolidating Draka for the entire period) was 8.8%.
The Group's adjusted EBITDA (before Euro 299 million in non-recurring expenses) came to Euro 568 million, posting an increase of Euro 181 million (+46.8%) on the prior year, of which Euro 149 million (+38.5%) attributable to the first-time consolidation of Draka.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION (*)

(in millions of Euro)	2011 (**) Prysmian	Draka	Adjustments	Total	2010 Prysmian	% Consolidated change	% Prysmian change	2009 Prysmian
Sales	5,363	2,279	(59)	**7,583**	4,571	65.9%	17.3%	3,731
EBITDA (1)	172	111	(14)	**269**	365	-26.4%	-52.9%	366
Adjusted EBITDA (2)	419	149	-	**568**	387	46.8%	8.5%	403
Operating income	(3)	50	(28)	**19**	307	-93.8%	-100.8%	386
Adjusted operating income (3)	342	98	(14)	**426**	309	37.8%	10.7%	334
Profit/(loss) before taxes	(105)	37	(33)	**(101)**	213	-147.6%	-149.0%	337
Net profit/(loss) for the year	(137)	20	(28)	**(145)**	150	-197.0%	-191.1%	252

(in millions of Euro)	31 December 2011	31 December 2010	Consolidated change	31 December 2009
Net capital employed	**2,436**	1,403	1,033	1,314
Employee benefit obligations	**268**	145	123	142
Equity	**1,104**	799	305	698
of which attributable to non-controlling interests	**62**	43	19	21
Net financial position	**1,064**	459	605	474

(in millions of Euro)		2011 (**) Prysmian	Draka	Total	2010 Prysmian	% Consolidated change	% Prysmian change	2009 Prysmian
Investments		130	29	**159**	102	55.9%	27.5%	107
Employees (at period end)		12,653	8,894	**21,547**	12,352	74.4%	2.4%	11,704
Earnings/(loss) per share	- basic			**(0.65)**	0.82			1.40
	- diluted			**(0.65)**	0.82			1.39

(1) EBITDA is defined as earnings/(loss) for the year, before the fair value change in metal derivatives and in other fair value items, amortisation, depreciation, and impairment, finance costs and income, the share of income/(loss) from associates, dividends from other companies and taxes.
(2) Adjusted EBITDA is defined as EBITDA before non-recurring income/(expenses).
(3) Adjusted operating income is defined as operating income before non-recurring income/(expenses) and the fair value change in metal derivatives and in other fair value items.
(*) All percentages contained in this report have been calculated with reference to amounts expressed in thousands of Euro.
(**) The Draka Group's results have been consolidated for the period 1 March - 31 December 2011.

INNOVATIVE, SUSTAINABLE TECHNOLOGY IN EUROPE'S LARGEST SOLAR PARKS

During 2011 the Group was particularly involved in the renewable energy sector, through supporting the construction of major solar parks in Europe.

In Italy Prysmian Group received an order from the company EN.IT to supply over 400 km of eco-sustainable P-Laser cable for the construction of the largest photovoltaic plant in Europe. This plant, known as "Vega", is currently being built in the town of Troia near Foggia, in the heart of Southern Italy, and is powered by polycrystalline panels that will produce up to 123 MW in power. This is a very important project that is letting the Group introduce to the renewable energy market a product like P-Laser, which stands out from the competition both for quality and its exceptional speed of production, allowing large orders to be satisfied fast.

In addition, as part of the development of an 80 MW solar power plant in Ohotnikovo, Ukraine, the Prysmian Group will supply over 1,000 km of special TECSUN PV cables, specifically designed for use in photovoltaic systems.
The Ohotnikovo solar park, the world's sixth largest comprising 360,000 ground-mounted modules over an area of 160 hectares (about 207 football pitches), will produce 100,000 megawatt hours of electricity per year, enough to supply green energy to 20,000 households and saving up to 80,000 tonnes annually in carbon dioxide emissions.

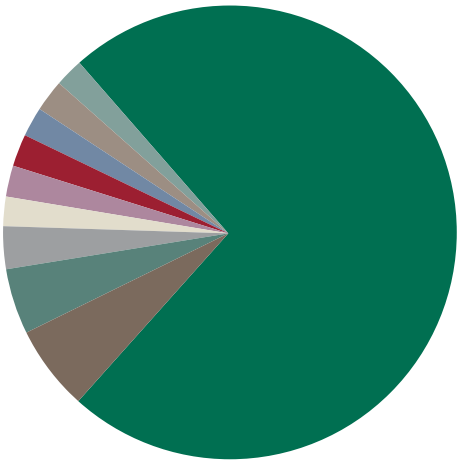
OWNERSHIP STRUCTURE

At 31 December 2011,
the share capital of Prysmian S.p.A.
amounted to Euro 21,439,348.10,
comprising 214,393,481 ordinary shares
with a nominal value of Euro 0.100 each.
The ownership structure
at 31 December 2011 was as follows.

INVESTORS

(*) Includes 3,039,169 (1.4%) in treasury shares
Source: CONSOB

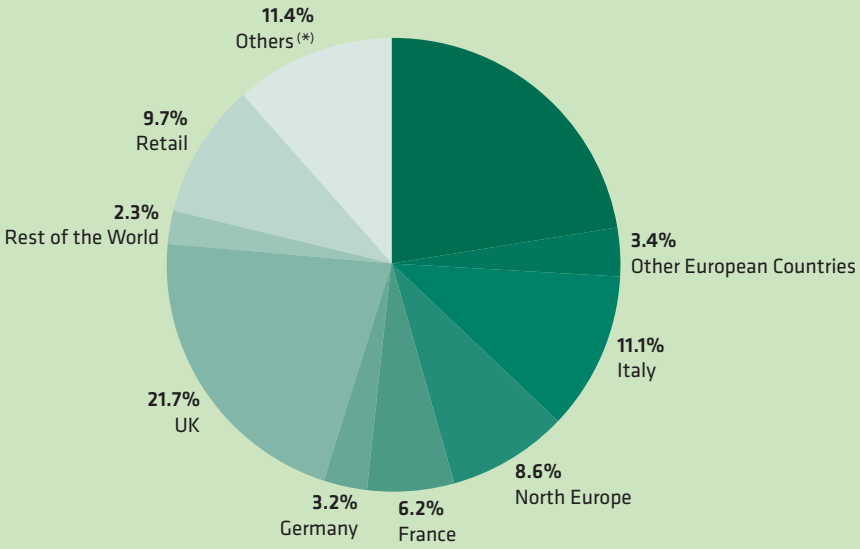
- *Clubtre S.r.l.* ***(6.2%)***
- *Blackrock Inc* ***(4.7%)***
- *Manning & Napier Advisors LLC* ***(3.0%)***
- *FMR LLC* ***(2.2%)***
- *JP Morgan Chase & Co. Corp.* ***(2.2%)***
- *Franklin Templeton Institutional Llc.* ***(2.2%)***
- *Standard Life Investments LTD.* ***(2.2%)***
- *Threadneedle AM Holdings LTD* ***(2.1%)***
- *Norges Bank* ***(2.0%)***
- *Others* (*) ***(73.2%)***



After Goldman Sachs Group and Taihan sold their remaining interests in 2010, Prysmian is now one of Italy's few public listed companies, with a free float of 100%. At 31 December 2011, major shareholdings (in excess of 2%) accounted for around 27% of share capital, none of which were majority or controlling interests.

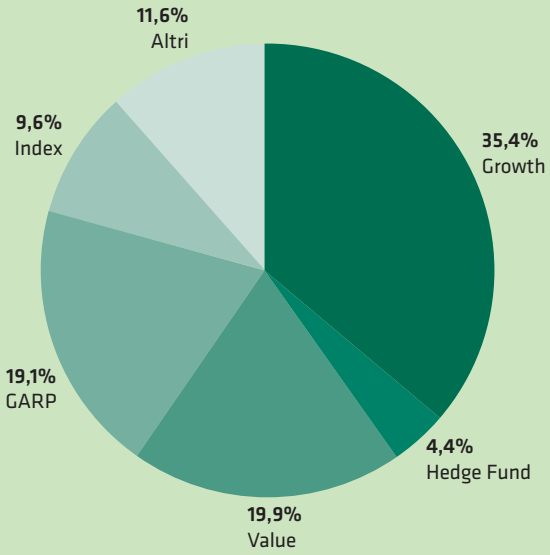
OWNERSHIP STRUCTURE BY TYPE AND GEOGRAPHICAL AREA

(*) Includes 3,039,169 (1.4%) in treasury shares
Source: Thomson Reuters



INSTITUTIONAL INVESTORS BY INVESTMENT APPROACH

Source: Thomson Reuters



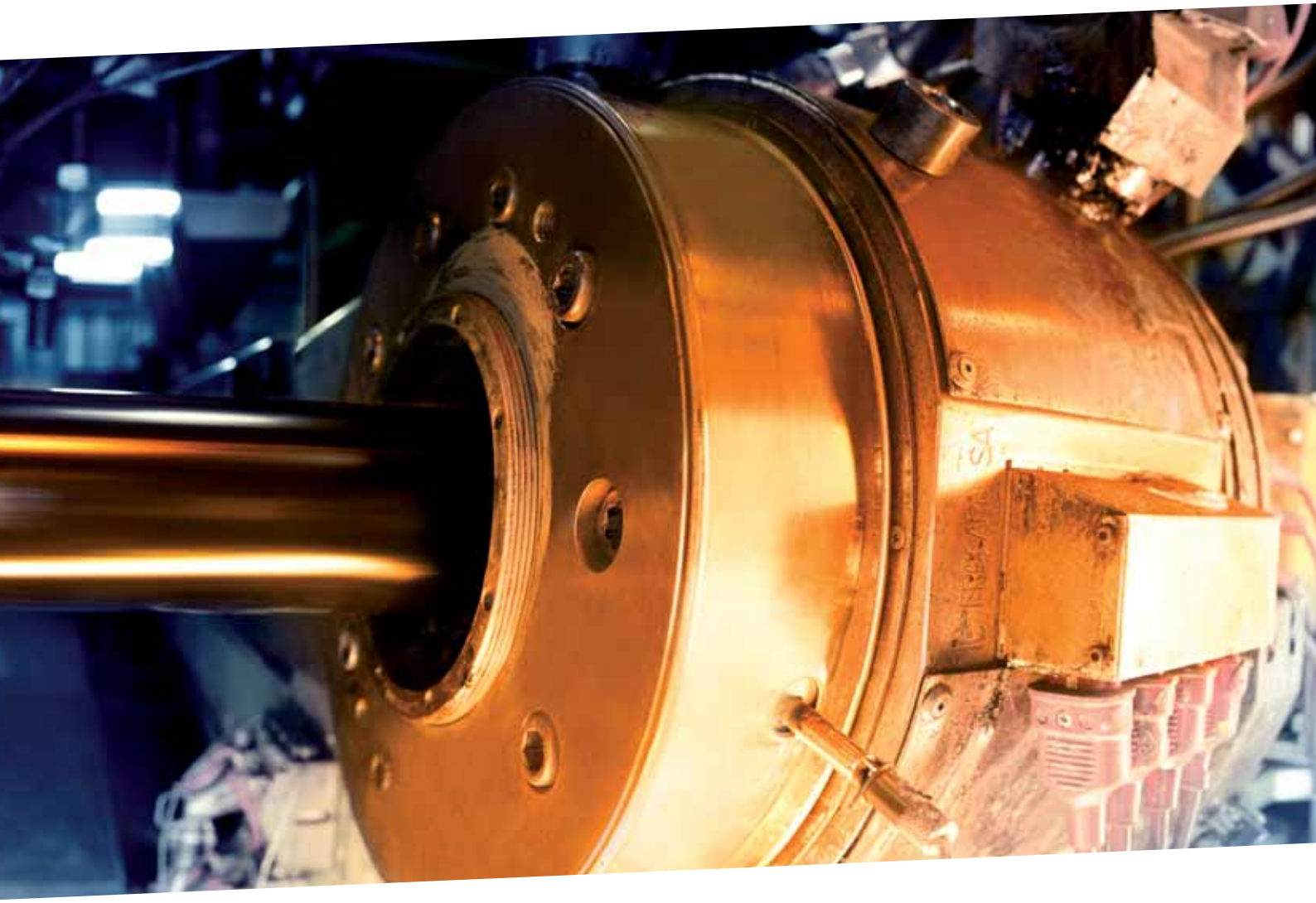
The ownership structure by geographical area confirms the predominant share of UK and US institutional investors, who together held approximately 44% of the Prysmian shares at the end of 2011; they were followed by Italian institutional investors with 11% and North European ones with 9%.
Approximately 75% of share capital is held by institutional investors with Value or Growth investment strategies. There was also a large increase in the proportion of shareholders adopting an Index investment strategy, based on the principal stock indexes; in fact, this increase is consistent with the greater weight of the Prysmian stock within such baskets.

PRODUCTION AND BUSINESS AREAS

Prysmian Group is involved in the development, design, production, supply and installation of a wide range of cables for many different applications in the energy and telecom industries. The Group is organised in two operating sectors: Energy and Telecom.

The Energy operating sector is further divided into the following business areas:

• **Utilities:** the Utilities business area encompasses Prysmian's Energy sector activities involving the engineering, production and installation of cables and accessories for power transmission and distribution, both at power stations and within primary and secondary distribution grids.
The following business lines can be identified within the Utilities business area: power transmission systems (high voltage underground and submarine systems), power distribution cables and systems and network accessories and components;
• **Trade & Installers:** complete range of fire-performing, environmentally friendly, low smoke-zero halogen (LSOH) cables and products for specific applications to distribute power to and within residential and



non-residential buildings;
• **Industrial:** cabling solutions for industrial applications, offering a high level of customisation according to individual customer requirements (among the many sectors served are Specialties & OEM, Automotive, OGP & SURF, Renewable Energy, Elevators, other industrial applications).

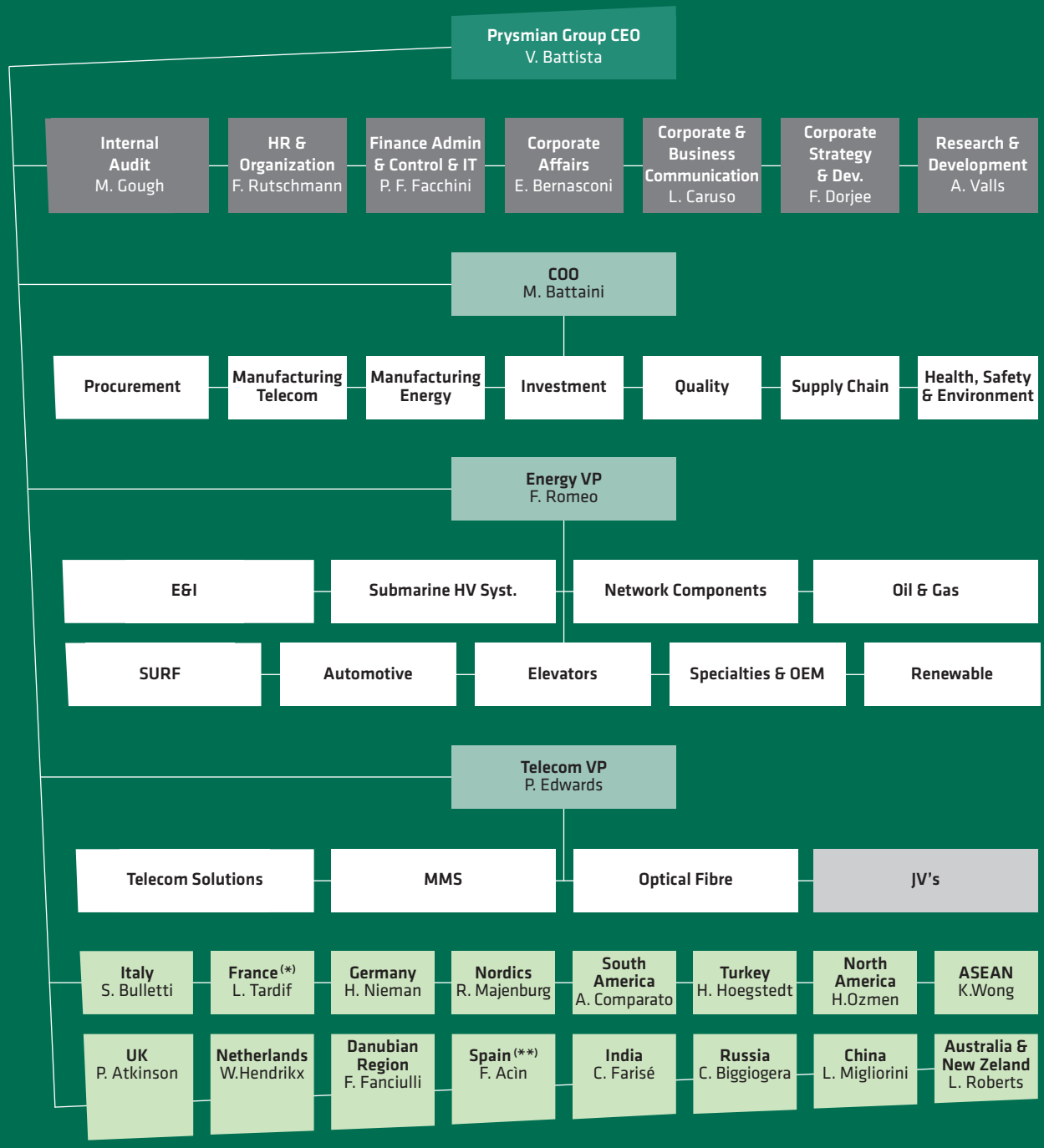
The Telecom operating sector comprises the following business units:

• **Telecom Solutions:** cable systems and connectivity products used in telecommunications networks. The product portfolio includes optical cables, connectivity components and accessories, OPGW and copper cables;
• **Optical Fibre:** production and development of single-mode, multi-mode and special optical fibre;
• **Multimedia Solutions:** cable systems for all types of communication needs in local infrastructure, industry and transport (Datacom, Multimedia Specials, Mobile networks, signalling cables).

ORGANISATIONAL STRUCTURE

Prysmian unveiled its new organisational structure on 11 July 2011, marking an important step forward in the integration with Draka

The new Group's matrix structure organisation revolves around two businesses: Energy Cables and Systems and Telecom Cables and Systems. In fact, most of the product lines will be managed by both geography and business, from building wires and underground power transmission and distribution cables, to fibre optic and copper telecom cables and special cables for industrial applications, renewable energy and the Oil&Gas industry. The more globalised product lines (submarine cables, optical fibre, data cables, cables for the automotive industry, flexible pipes and umbilicals for the Oil&Gas industry, special elevator cables) will be managed vertically by business.
The new Group's key people have been named after an assessment process involving Prysmian and Draka's best resources.
This new management structure comprises more than 300 top positions, from the Group Chief Executive Officer's staff functions, to the individual country CEOs and headquarters directors of the various business segments.



- *Staff Functions*
- *Businesses & COO*
- *BU s & COO Functions*
- *Countries*

(*) France delegated for Aerospace.
(**) Spain delegated for OPGW.

AFUMEX GREEN IS BORN, THE FIRST ECOLOGICAL BUILDING WIRE

During 2011, the Prysmian Group's Brazilian subsidiary launched Afumex Green, the world's first ecological cable for use in the building industry.
Thanks to Brazil's long tradition of using ethanol from sugar cane as car fuel, the petrochemical company Braskem has recently developed an ethanol-based biopolyethylene, which together with Prysmian Brazil, it has used to create a new type of coating which to date has been applied to Afumex cables.
The new Afumex Green cable, presented in voltage class 450/750V and produced at the Sorocaba plant in Brazil, replaces part of the petroleum-derived polymer with green polyethylene, a 100% renewable material obtained from sugar cane.
This move is in line with the Group's drive to offer customers environmentally sustainable products, that reduce CO2 emissions. In fact, a reduced amount of CO2 is released to the atmosphere for each tonne of coating produced.
Afumex belongs to the category of low fire hazard cables: they do not propagate flames and have low smoke and toxic gas emissions, making them the safest on the market.
In addition, they are also smoother, have a double layer of insulation and are 20% more heat resistant than traditional cables, which allows them to resist twice as long in overload situations, thereby limiting the occurrence of short circuits, the main cause of fires.

CORPORATE GOVERNANCE

INTRODUCTION

The Company's corporate governance is based on the recommendations and provisions contained in the "Italian Stock Exchange Self-Regulatory Code for Listed Companies", drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A. and adopted by the Company. The corporate governance rules contain principles and procedures which the Company has adopted and undertaken to respect in order to guarantee that all operations are carried out effectively and transparently.

Corporate governance structure is based on the central role of the Board of Directors in providing strategic guidance and on the transparency of decision-making processes, including both internal and external decisions.

Prysmian S.p.A. manages and coordinates the Group's directly and indirectly controlled Italian companies, pursuant to article 2497 of the Italian Civil Code.

The main aims of the corporate governance structure are:

- to guarantee Prysmian S.p.A. shareholders an appropriate level of supervision over the more important strategic decisions of the Group;
- to organise a multilayer decision-making structure to enable appropriate involvement of shareholders and of the Board of Directors in the more important strategic decisions of the Group, with everyday management delegated to managers;
- to require strict adherence by management to governance procedures and to determine appropriate consequences in the event of non-compliance.

Further information (i) on the corporate governance system of Prysmian S.p.A. and (ii) on its ownership, as required by art.123-bis of Legislative Decree 58 of 24 February 1998 (Unified Financial Act), can be found in the "Report on Corporate Governance and Ownership Structure", viewable in the Investor Relations/Corporate Governance section of the Company's website at www.prysmiangroup.com, and which has been prepared in accordance with art. 89-bis of the Consob Issuer Regulations (Regulation no.11971/99).

A summary of the Company's corporate governance structure now follows, together with a description of its main features.

GOVERNANCE STRUCTURE

Independent Auditors
PricewaterhouseCoopers SpA

Shareholders' Meeting

Board of Statutory Auditors
M. Garzia (Chairman)
P. Burlando
L. Guerra

Board of Directors

Chairman
P. Zannoni

Executive Directors
V. Battista, AD e DG
P. F. Facchini, CFO
F. I. Romeo
F. Dorjee

Independent Directors
W. Clark
C. De Conto
G. Del Ninno
F. Fröhlich
M. Tononi

Managers Responsible for Preparing Corporate Accounting Documents
C. Soprano
J. Calvo

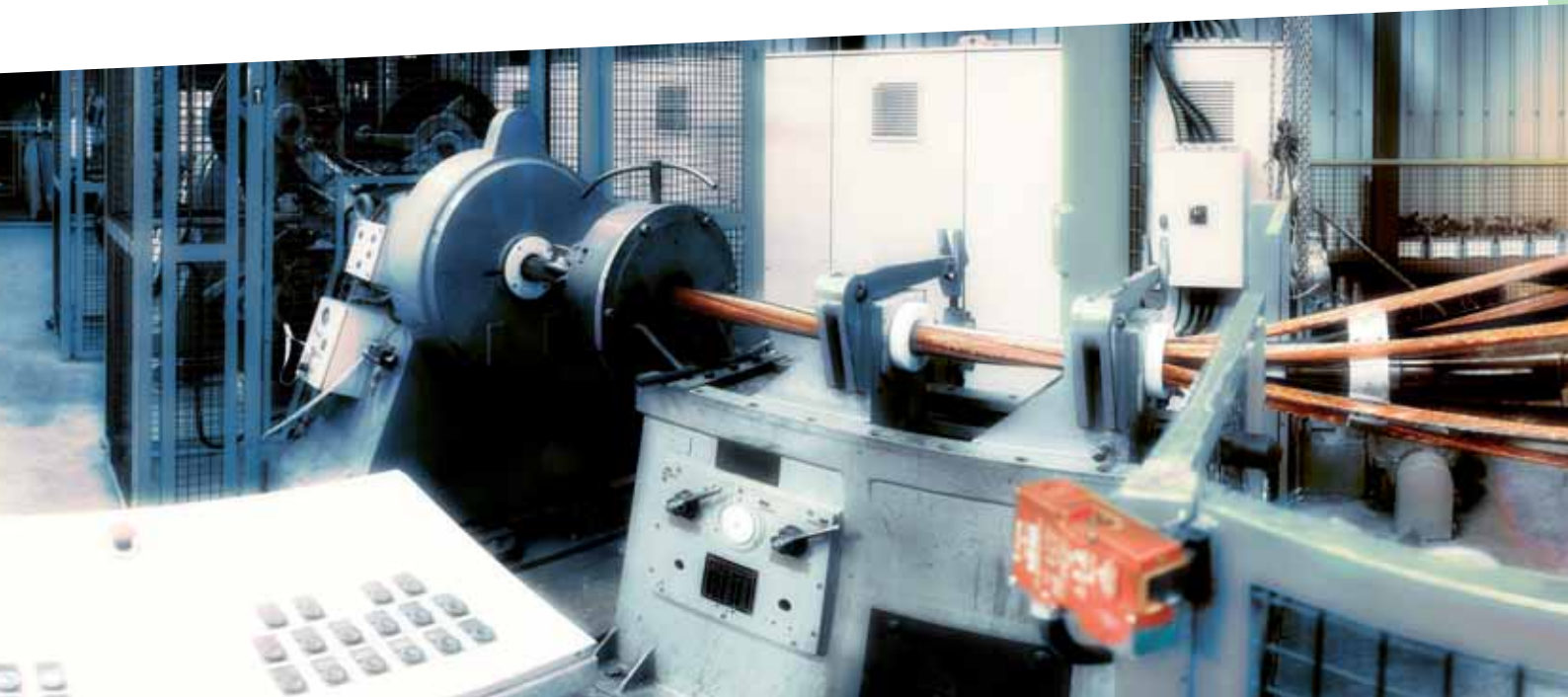
Monitoring Board pursuant to Leg. Decree 231/01
P. F. Lazzati (Chairman)
M. Milano
M. Gough

Manager in Charge of Internal Control
M. Gough

Internal Control Committee
G. Del Ninno (Chairman)
C. De Conto
M. Tononi

Compensation and Nominations Committee
G. Del Ninno (Chairman)
C. De Conto
M. Tononi

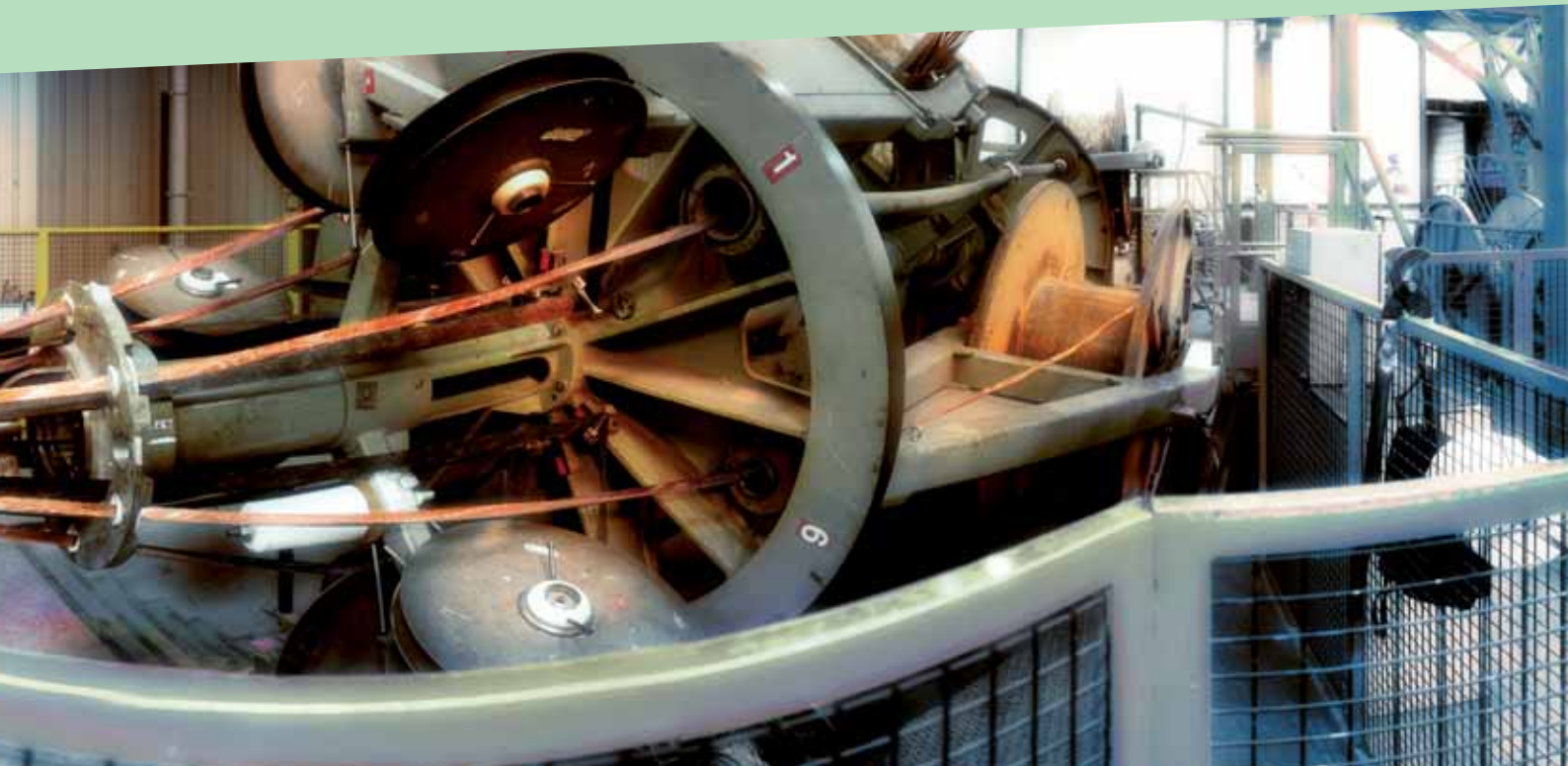
Antitrust Committee
G. Del Ninno (Chairman)
C. De Conto
M. Tononi



GOVERNANCE STRUCTURE OF THE COMPANY

The traditional model of governance and control has been adopted, with the presence of a general Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.

The corporate governance system is based on the core role of the Board of Directors (as the most senior body delegated to manage the Company in the interests of shareholders), on the transparency of decision-making processes, on an effective internal control system, on strict rules governing potential conflicts of interest and on appropriate standards of conduct for related party transactions. Prysmian has implemented this system by drawing up and adopting codes, standards, rules and procedures which govern and regulate the conduct of activities by all the Company's organisational and operating structures.



BOARD OF DIRECTORS

In accordance with art. 14 of the By-laws, the Company is governed by a Board of Directors consisting of no fewer than seven and no more than thirteen members, chosen also from among non-shareholders and who are eligible for re-election.
In compliance with the provisions of Legislative Decree 58/98, the Company has adopted a slate voting system for the appointment of directors in order to allow, where possible, minority shareholders to present and elect candidates to the office of Director.
The appointment of the Board of Directors takes place on the basis of slates presented by the outgoing Board of Directors and/or by those shareholders who, alone or together with other shareholders, hold shares representing at least 2% of share capital eligible to vote at the Ordinary Shareholders' Meeting, or such lower percentage established by legal or regulatory provisions. Consob Resolution 18.083 of 25 January 2012 has set the minimum shareholding requirement for presenting candidate slates at 1.5% for 2012.
The Board of Directors consists of ten Directors, six of whom are non-executive. In line with the recommendations of the Code, the Non-Executive Directors are sufficiently numerous and have enough authority to ensure that their judgement carries significant weight in Board decision-making. Five of the Non-Executive Directors are also independent, meaning that they do not have and have not recently had direct or indirect dealings with the Company or with other related parties that could affect their independence of judgement.

The members of the Board of Directors are as follows:

Name	Office held	Role
Paolo Zannoni	Chairman	Non-executive director
Valerio Battista	Chief Executive Officer and General Manager	Executive director
Pier Francesco Facchini	Director - CFO	Executive director
Wesley Clark	Director	Independent non-executive director
Giulio Del Ninno	Director	Independent non-executive director
Massimo Tononi	Director	Independent non-executive director
Fabio Ignazio Romeo	Director	Executive director
Claudio De Conto	Director	Independent non-executive director
Frank Dorjee	Director	Executive director
Fritz Fröhlich	Director	Independent non-executive director

The information provided by Directors in relation to their position as Directors or Statutory Auditors in listed or other relevant companies can be found in the "Report on Corporate Governance and Ownership Structure".

The management of the Company is the sole responsibility of the Directors, who undertake the operations necessary to implement its business purpose.

The Board of Directors has the broadest possible powers of ordinary and extraordinary administration of the Company, except for those powers which by law are the exclusive prerogative of the Shareholders' Meeting.
The Board of Directors also has responsibility for passing resolutions that require notarisation, regarding: (i) mergers or demergers in the cases provided by art. 2505, art. 2505-bis and art. 2506-ter of the Italian Civil Code; (ii) transfer of the registered office within Italy;
(iii) establishment or closure of secondary offices; (iv) indication of which Directors may represent the Company; (v) reductions in share capital following shareholder withdrawal; and (vi) updating of the Company By-laws to comply with regulatory requirements (art. 17 of the By-laws).

The Board of Directors has appointed a Chief Executive Officer from its number and granted him all the authority and powers of ordinary administration needed or useful for fulfilling the Company's business purpose.

Pursuant to art.19 of the By-laws and after obtaining a favourable opinion from the Board of Statutory Auditors, the Board of Directors has appointed Carlo Soprano (Head of Financial Statements & Compliance) and Jordi Calvo (Head of Planning & Controlling) as the Managers responsible for preparing corporate accounting documents.

The Board of Directors has established three internal committees and appointed their members:

- Internal Control Committee, with powers to advise and make proposals to the Board of Directors, including in order to allow the latter to fulfil its duties concerning management of the internal control system;

- Compensation and Nominations Committee, with powers to advise and make proposals to the Board of Directors, including with reference to the remuneration of the directors and top management of Prysmian S.p.A., the appointment/replacement of independent directors, and the size and composition of the Board itself;

- Antitrust Committee, charged with preparing procedures aimed at raising awareness among those who work for and on behalf of the Group so that they comply with competitive practices in the conduct of their duties.

ONSHORE WIND FARMS, PRYSMIAN GROUP CABLES CARRY WIND ENERGY TO GRIDS

During 2011 Prysmian Group was involved in several projects to develop onshore wind farms, confirming its commitment to the promotion of renewable energy.
The Group's Italian subsidiary was selected as the official supplier of medium voltage cables for the construction of the San Marco in Lamis wind farm, located in the Gargano area, in Southern Italy.
The customer is Energy System Services, a major player in the Italian wind market and one of the most active in the world.
The wind farm, owned by Alerion, will consist of 13 Repower wind turbines of 3.4 MW each, for a total installed capacity of 44.2 MW. The Prysmian cables are being manufactured at the Ascoli plant and started being installed in March 2012.
Most of the cables supplied to existing wind farms in Italy to date have been produced by the Prysmian Group. These include the wind farms in Fossa del Lupo and Ginestra degli Schiavoni built by ERG Renew and the Alcamo wind farm in the province of Trapani, being built by General Construction, as well as the Edison wind farms located in Foiano, Mistretta, Lucito and Melissa.
All these wind farms are located in southern Italy, where there are wide areas particularly suited to producing green energy.
These renewable energy projects form part of a much broader program placing Prysmian Group at the forefront of research and development into technologically and environmentally superior cables.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors oversees compliance with the law and the memorandum of association and observance of the principles of correct administration in the conduct of corporate activities and controls the adequacy of the Company's organisational structure, internal control system and administrative and accounting system. Legislative Decree 39/2010 has identified the Board of Statutory Auditors as the "Internal Control and Financial Audit Committee", meaning that it now has supervisory duties over the financial reporting process, the effectiveness of internal control systems, internal audit and risk management, over the statutory audit of the annual accounts and consolidated accounts and over the independence of the external auditing firm.

The current Board of Statutory Auditors - appointed by the Company's Ordinary Shareholders' Meeting held on 15 April 2010 - consists of the following members:

Office held	Name
Chairman of the Board of Statutory Auditors	**Marcello Garzia**
Standing Statutory Auditors	**Paolo Burlando**
	Luigi Guerra
Alternate Statutory Auditors	**Giovanni Rizzi**
	Luciano Rai

The Statutory Auditors serve for three years and their term in office expires on the date of the Shareholders' Meeting called to approve the financial statements relating to their third year in office. They are eligible for re-election.

The Chairman of the Board of Statutory Auditors and one of the Alternate Auditors are appointed by the Shareholders' Meeting from among the Statutory Auditors elected by minority shareholders.

The appointment of the Statutory Auditors takes place on the basis of slates presented by shareholders who, alone or together with other shareholders, hold shares representing at least 2% of share capital with voting rights, or such lower percentage established by legal or regulatory provisions. Consob Resolution 18.083 of 25 January 2012 has set the minimum shareholding requirement for presenting candidate slates at 1.5% for 2012. These slates must be filed at the registered offices at least twenty-five days before the date set for the Shareholders' Meeting in first call.

Each slate must be accompanied by statements in which the individual candidates accept their candidacy and by the candidates' curriculum vitae.

The information provided by Statutory Auditors in relation to positions held as Directors or Statutory Auditors in other companies can be found in the "Report on Corporate Governance and Ownership Structure".

The independent audit of the financial statements is entrusted to a specialist Consob-registered firm whose nomination is decided by the Shareholders' Meeting.

SHAREHOLDERS' MEETING OF 18 APRIL 2012

The shareholders' meeting of Prysmian S.p.A. held on 18 April 2012 adopted the following decisions:

• it approved the financial statements for 2011 and the distribution of a gross dividend of Euro 0.21 per share for a total of some Euro 44 million. The dividend was paid out from 26 April 2012, with the shares going ex-div on 23 April 2012, and was payable to shares outstanding on the ex-div date;

• it appointed the Board of Directors, establishing its term in office as three financial years (until the date of approving the financial statements for the year ended 31 December 2014) and its size at 11 members.

The following Directors were appointed on the basis of the three slates presented:

1. Giulio Del Ninno (independent)
2. Claudio De Conto (independent)
3. Massimo Tononi (independent)
4. Valerio Battista
5. Pier Francesco Facchini
6. Fabio Ignazio Romeo
7. Frank Franciscus Dorjee
8. Friedrich Wilhelm Fröhlich (independent)
9. Maria Elena Cappello (independent), taken from the slate presented by the Board of Directors (slate voted by the majority of those eligible to attend the shareholders' meeting, corresponding to approximately 83% of the capital present or represented);

10. Giovanni Tamburi (independent)
11. Cesare d'Amico (independent), taken from the slate presented by the shareholder Clubtre S.r.l. (slate voted by a minority of those eligible to attend the shareholders' meeting, corresponding to approximately 12% of the capital present or represented).

The Board of Directors convened at the end of the Shareholders' Meeting appointed Massimo Tononi as its Chairman, and confirmed Valerio Battista as Chief Executive Officer and General Manager, and Pier Francesco Facchini as Chief Financial Officer, granting them the related operating powers.

The Board of Directors also appointed the following persons to its committees:

Internal Control Committee:
- Claudio De Conto (Chairman)
- Friedrich Wilhelm Fröhlich
- Maria Elena Cappello

Compensation and Nominations Committee:
- Giulio Del Ninno (Chairman)
- Claudio De Conto
- Massimo Tononi

• it authorised a treasury share buy-back and disposal programme. This programme provides the opportunity to purchase, on one or more occasions, a maximum number of ordinary shares whose total cannot exceed 10% of share capital, equal to 18,403,928 ordinary shares as at today's date, after deducting the treasury shares already held by the Company.
Purchases may not exceed the amount of undistributed earnings and available reserves reported in the most recently approved annual financial statements.
The authorisation to buy back treasury shares will last for 18 months commencing from the date of the resolution, while the authorisation to dispose of treasury shares has no time limit.
The authorisation to buy back and dispose of treasury shares was sought to give the Company authority that could be exercised:
- to provide the Company with a portfolio of treasury shares, including those already held by the Company, that can be used in any extraordinary transactions;
- in order to use the treasury shares purchased to service the exercise of rights arising from convertible debt instruments or instruments exchangeable with financial instruments issued by the Company, its subsidiaries or by third parties;
- to dispose of treasury shares to satisfy stock option plans reserved for the Group's directors and employees;
- to allow efficient management of the Company's capital, by creating an investment opportunity even for its available liquidity.

• it expressed a favourable opinion on the Group's remuneration policies.

ORGANISATIONAL MODEL (LEGISLATIVE DECREE 231/2001)

By resolution of the Board of Directors on 24 January 2006, the Company adopted an organisational model (the "Model") in compliance with the requirements of Legislative Decree 231/2001.

The latest version of the Model was approved by the Board of Directors on 27 August 2008 and most recently revised on 10 November 2010. Revisions have taken account of the extension of corporate administrative liability to new types of offences, and of changes to the Company's organisational structure subsequent to adopting the original Model.

The Model developed for the Company therefore fully reflects the guidelines identified by analysing and mapping business processes exposed to the risk of wrongdoing and is consistent with the Company's specific characteristics, meaning that it is able to satisfy all the effectiveness requirements demanded by the law.

The Model is reflected in the following documents:

(a) Code of Ethics. This sets out the general principles (transparency, integrity and fairness) which underpin the conduct of business and which are also relevant for the purposes of Legislative Decree 231/2001; it also sets out the goals and values behind the Company's business.

(b) Rules of Conduct. These contain specific rules for dealing with public officials and are designed to satisfy the specific requirements of Legislative Decree 231/2001 with regard to the prevention of potential risk situations. These guidelines set out types of conduct to be actively adopted and conduct to be avoided, thus translating the contents of the Code of Ethics into practical guidelines.

(c) Rules of Governance. This is a descriptive document structured as follows:

- Foreword: this contains a description of the business and organisation of Prysmian, with the purpose of putting the Model into its specific company context.
- Section One: this contains a general description of the contents of the Decree and the purpose of the Model.
- s document also contains a list and description of the offences, an organisation chart, contractual clauses and a list of procedures.

It also describes how the Model is distributed and publicised, how its users are instructed and how it is adopted and continuously updated. It also contains a specific chapter on the Monitoring Board (duties, reasons for members being ineligible, removal, disqualification and suspension of members, spending budget for its work).

(d) Decision-making and control procedures. These have the purpose of governing for all the relevant risks mapped:

- roles and responsibilities of persons involved;
- decision-making/authorisation processes;
- how activities at risk are managed and controlled.

In order to guarantee better oversight of internal control activities and in compliance with the recommendations of the Italian Stock Exchange Self-Regulatory Code, the Board of Directors has appointed Valerio Battista, the Chief Executive Officer, as Executive Director in charge of supervising the operation of the internal control system and made him responsible for monitoring its overall adequacy, efficiency and effectiveness. The Board of Directors has also appointed the Head of the Internal Audit Department as the Manager in charge of internal control, with responsibility for verifying that the internal control system is always operating adequately and effectively.

FRIENDS OF THE SUPERGRID TO PROMOTE EUROPE'S ENERGY INFRASTRUCTURE

In October 2011 the European Commission proposed a new regulation to create an integrated instrument for encouraging investment in energy infrastructure. These include the "Supergrid", a grid for transmitting large amounts of energy, mostly from renewable sources, from remote generation sites to major centres of consumption via a series of onshore connection nodes, whose development will hugely benefit European consumers and provide a major stimulus to European economies. Friends of the Supergrid (FOSG), an organisation aimed at promoting and supporting the development of interconnections in Europe - one of whose ten founding members is Prysmian and whose Board Chairman is Marcello del Brenna, CEO of Prysmian Powerlink - has welcomed the European Commission's proposal and asked the European Parliament to approve the core proposals of this regulation.
The organisation's members have said in a joint statement "At a time of economic slowdown, this is the right moment to show political support for the development of new electricity infrastructure and to prepare for the integration of renewable energy. The development of Supergrid will provide a significant stimulus to European economies, will bring cheaper electricity to European consumers, and will enable Europe's power sector to be fully decarbonised by 2050". Prysmian Group's involvement through FOSG in fostering free movement of renewable electricity around Europe reflects the European Commission's energy infrastructure priorities, which in turn will be instrumental in allowing the EU to meet its sustainable growth objectives in the form of the "20-20-20" targets for energy and climate policy.

CODE OF ETHICS

Ethical business conduct is a fundamental value for Prysmian, responsibility for which is shared by all members of the Group. Every employee is responsible for protecting one of the business's most valuable assets: its reputation. The Code of Ethics must be observed by everyone who works for Prysmian or any of its subsidiaries, including all managers, officers, employees, agents, representatives, interns, contractors, suppliers and consultants. For the purposes of its widest possible distribution, the Code of Ethics has been translated into 13 languages and displayed at every one of the Group's member companies.

The ethical values of Prysmian that influence the Group's operations are summarised as follows:

ETHICS IN BUSINESS OPERATIONS	Respect for local laws and regulations. Respect for common business practices regarding transparency, fairness and loyalty. Economic objectives are achieved through the pursuit of excellence, quality, competitive products and services, experience, response to customer needs and innovation. Equal treatment of all shareholder categories.
ETHICS AND EMPLOYEES	Regard for and development of employees. Foster personal promotion and improve living conditions by supporting social, cultural and educational initiatives. Respect equal opportunities and foster the professional development of each individual.
ETHICS, THE ENVIRONMENT AND SOCIETY	Responsible use of natural resources to promote sustainable development and respect for the rights of future generations. Support local projects designed to improve welfare in areas where Prysmian is present. Restrictions on the financial support of governments, political parties, etc. Consider environment issues when taking decisions and, where feasible, use technologies with a lower impact both operationally and economically.

Extract from the Code of Ethics, whose full version can be consulted at www.prysmian.com.

RISK FACTORS

The Prysmian Group is exposed in the normal conduct of its business to a number of financial and non-financial risk factors which, if they should arise, could have an impact on its results.

These risks are divided into external risks (not dependent on the Group's activities) and internal risks (directly dependent on the Group's activities).

Prysmian's risk management strategy is based on the unpredictability of markets and aims to minimise potential adverse effects on the Group's results. Some types of risk (such as currency risk, interest rate risk and commodity price risk) are mitigated by using derivatives. Monitoring of key financial risks is centrally coordinated by the Group Finance Department, and by the Purchasing Department where price risk is concerned, in close cooperation with the Group's operating units.

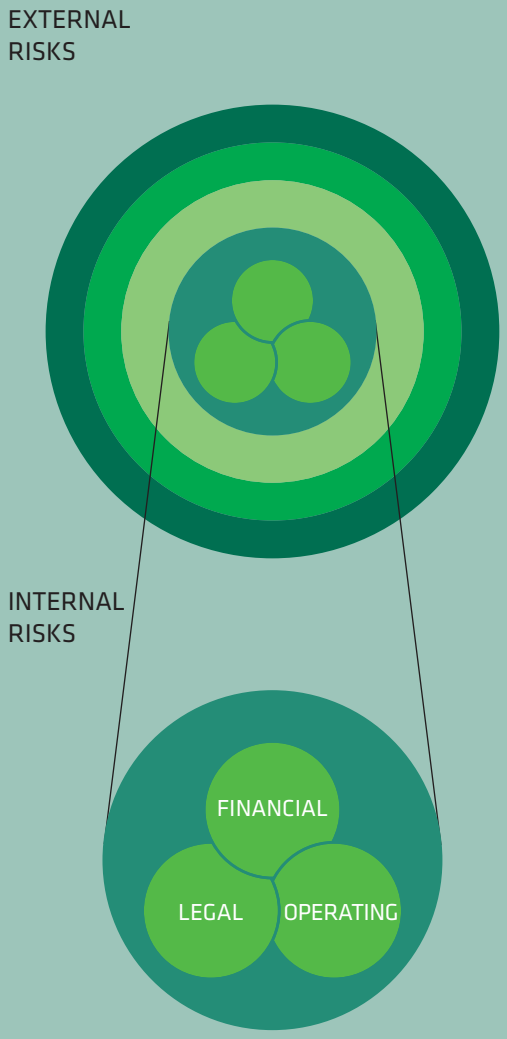
Risk management policies are approved by the Group Finance, Administration and Control Department.

With reference to operating risks, Prysmian conducts risk management activities in all Group companies in order to identify and quantify operating risks and establish and manage policies for addressing such risks.

In particular, it periodically reviews the level of insurance coverage, premiums paid, losses incurred and the damages recovered. A plan for preventing such risks is prepared for every Group company, indicating the key areas of control. As part of the Loss Prevention plan applying to every Prysmian plant and currently being implemented at those of the newly acquired Draka, Risk Management personnel periodically inspect the Group's plants to identify and avert potential risks.

Each plant is classified according to an internal risk rating.

The investment needed to reduce the level of risk at each plant is estimated with the goal of achieving the maximum level of protection at all the Group's facilities.



- ***Market***
  Market trends
  Competitive scenario
- ***Context***
  Exchange rate fluctuation
  Interest rate fluctuation
  Commodity price fluctuation
  Changes in legal and regulatory framework
- ***Strategy***
  Difficulty in implementing strategy
  Emerging country risks

As at 31 December 2011, all Prysmian plants were classified as either controlled risk or low/medium risk.

Risks relating to changes in the legal and regulatory framework, in particular environmental risks and risks associated with product liability, are managed preventively by constantly improving products and production facilities, as well as by taking out insurance.

In particular, in order to have better understanding and effective control where environmental risks are concerned, Prysmian has developed a centralised system designed to:

- identify the most significant environmental issues relating to current operations;
- identify and assess potential environmental impacts in all operating conditions, including emergencies;
- analyse the environmental and economic risks of significant investments;
- define improvement objectives and/or risk mitigation plans both at a Group level and for each individual country and business sector;
- evaluate the Company's assets in a complete and reliable manner, including examination of any HSE related issues or liabilities;
- identify any environmental risks or contingent liabilities during due diligence procedures performed upon acquisition or disposal.

These activities are coordinated centrally by the Health, Safety and Environment (HSE) department, and are conducted using a data management system and specific procedures, aided by the support of dedicated technical functions.

During 2011, following the acquisition of Draka, the HSE department undertook a series of activities and inspections aimed at extending the current HSE management system and tools to the Prysmian Group's new entrants.

In particular:

- the HSE function was consolidated centrally, having incorporated Draka's HSE department, and roles and responsibilities were redefined;
- HSE functions were reorganised in the periphery in order to have a presence in each of the Group's countries/regions;
- targeted visits were conducted to evaluate any liabilities and/or risks within the new operating units in order to implement the necessary actions for improvement and monitoring;
- the key environmental indicators were redefined, identifying, among these, those selected for external reporting.

The data management system was also modified to make it usable by all Group units and thus have a full view of all the companies within the new Prysmian Group.

Based on its financial performance and cash generation in recent years, as well as its available financial resources at 31 December 2011, the Company believes that, barring any extraordinary events, there are no significant uncertainties, such as to cast significant doubt upon the business's ability to continue as a going concern.

INTERNAL AUDIT AND INTERNAL CONTROL SYSTEM

The Board of Directors has defined the guidelines for the internal control system so that the principal risks facing the Company and its subsidiaries are correctly identified and suitably measured, managed and monitored, and has also decided to what extent such risks are compatible with sound and proper management of the business. The roles and responsibilities in relation to internal audit and the internal control system are described in the Corporate Governance section of the Annual Financial Report.

The Internal Audit Department draws up an annual audit plan using a risk assessment approach. Risk factors are analysed and revised every year to ensure that the audit plan properly covers the risks to which the Group is exposed. This activity includes interviews with senior management in order to identify risks, uncertainties or specific audit requests. The results of internal audit activities are also analysed to identify potential trends, any weaknesses and similar recommendations, while the implementation status of and satisfaction with previous internal audit recommendations is reviewed.

The internal audit system guarantees control at an international level of corruption-related risks across all geographic and/or functional areas.

In addition to the internal audit system, in Italy the risk of corruption in Italy is taken into account in the Legislative Decree 231 organisational models of the various companies.

Once these activities are completed, the annual internal audit plan is submitted for approval first by the Internal Control Committee and then by the Board of Directors.

In conducting internal audit activities, the Director of Internal Audit and the Internal Audit Department are given full access to all relevant data, documentation, information and personnel to enable them to perform each audit. The Director of Internal Audit attends every meeting of the Internal Control Committee to report the results of internal auditing activities along with key findings and agreed remediation actions. The status of the audit plan is reported during each such meeting, along with any proposals to amend the original plan and the implementation status of previously agreed remediation actions.

MAIN FEATURES OF THE SYSTEM

Prysmian adopts a system of administrative and accounting procedures to ensure a reliable system of internal controls.

To ensure an effective flow of information from its operating companies, the Company uses policies, procedures and operating instructions (involving rules on how to use and apply accounting policies, the operation of administrative processes, and the creation and reporting of financial information etc.).

Prysmian head office functions are responsible for distributing this documentation to operating companies, who can access all such accounting policies, procedures and rules through the Group's intranet. The operating companies also issue local policies, procedures and rules that comply with the Company's guidelines.

The Company uses the COSO framework to identify both key risks and the required key controls that need to be established to mitigate the risks identified and to ensure the internal control system is operating effectively.

The Internal Audit Department independently

tests the operation of the key controls identified at each of the Group's operating companies. Areas for remediation are reported to the Company's Senior Management and also to the Internal Control Committee.

An action plan is agreed with each operating company to strengthen existing controls or rectify any specific weaknesses.

The Internal Audit Department monitors the implementation status of these action plans and updates senior management and the Internal Control Committee accordingly.

The Company has adopted a centrally coordinated evaluation system and attestation process for the purposes of assessing the adequacy and effectiveness of the internal control system - including controls over the financial reporting process - and also for the purpose of complying with Law 262/05 (Investor Protection Act).

The Chief Executive Officer and Chief Financial Officer of every Group operating company and the heads of the relevant head office functions and departments are responsible for maintaining an adequate internal control system which includes periodically testing that the key controls identified as critical during the mapping process continue to operate effectively and efficiently.

INVESTOR RELATIONS

Contact with the financial market was intense in 2011, involving more than 400 meetings held at the Group's offices and roadshows in the major international financial centres.

Creating value for shareholders, and other stakeholders, is a key priority for Prysmian Group and is part of its commitment to accuracy, clarity and transparency in the communication of its business strategy, objectives and results. The Group's actions and procedures are designed to provide the market with credible information, thus boosting confidence in the business and encouraging a long-term investment approach to its shares. The Group also seeks to avoid unequal access to information and to ensure effective application of the principle that all investors and potential investors have the right to receive the same information in order to make informed investment decisions.

The Investor Relations office manages relations with institutional investors and financial analysts, through a process of transparent and timely communication.

More specifically, upon publishing its quarterly data, the Group organises conference calls with institutional investors and financial analysts and also invites industry press representatives to take part. In addition, the Group promptly informs the market of every initiative or decision that could have a material impact on their investment.

Contact with the financial market was particularly intense in 2011, also as a result of the Draka acquisition, and involved more than 400 meetings at the Group's offices, roadshows in the major financial centres of Europe, North America and Asia, as well as participation at conferences organised by leading international brokers.

The Investor Relations office maintains constant contact with investors by organising both group and one-to-one meetings both in

Milan and in the main Italian and international financial centres. The growing interest in the Group by the national and international financial market is reflected in the wide coverage of the Prysmian stock, regularly covered by 28 independent analysts (26 independent analysts covered the stock in 2010 and 22 in 2009).

The Investor Relations section of the website includes audio/video recordings of conference calls, presentations to the financial community, as well as press releases issued by the Company, financial reports and information about corporate governance, the Group's code of ethics and the shares.

With reference to the management of environmental, health and safety issues, during 2011 Prysmian Group started a project to evaluate and revise the management system and tools used to collect and evaluate data, taking into account the major organisational changes following the Draka acquisition, as well as the growing requests by external stakeholders for information about several matters of general interest, such as climate change, energy efficiency and product-related environmental, health and safety issues.

In redesigning its activities and work within the organisation, the HSE department has taken the sustainability initiatives already introduced by both Prysmian and Draka as a starting point from which to move forward in the same direction as the two previously separate industrial groups.

During 2011 several requests were received from national and international customers and institutions in connection with sustainability.

In some cases, apart from providing the required documentation, some of the Group companies were audited by specialist external firms on behalf of certain major customers. Such audits focused on the management systems and operating practices at certain production sites, with reference to environmental matters and the broader issue of corporate responsibility.

Even the management of environmental issues and product safety was the subject of scrutiny either directly by customers, or as part of assessments conducted by certification bodies. In this regard, a study was carried out in 2011 on the reduced environmental impact of production using P-Laser technology compared with the traditional XLPE MV process (see the chapter on product innovation for more details). By extending the approach adopted in this specific case to different product families, Prysmian Group expects to be able to define a standard methodology that will improve the production process while reducing the environmental impact of its products.

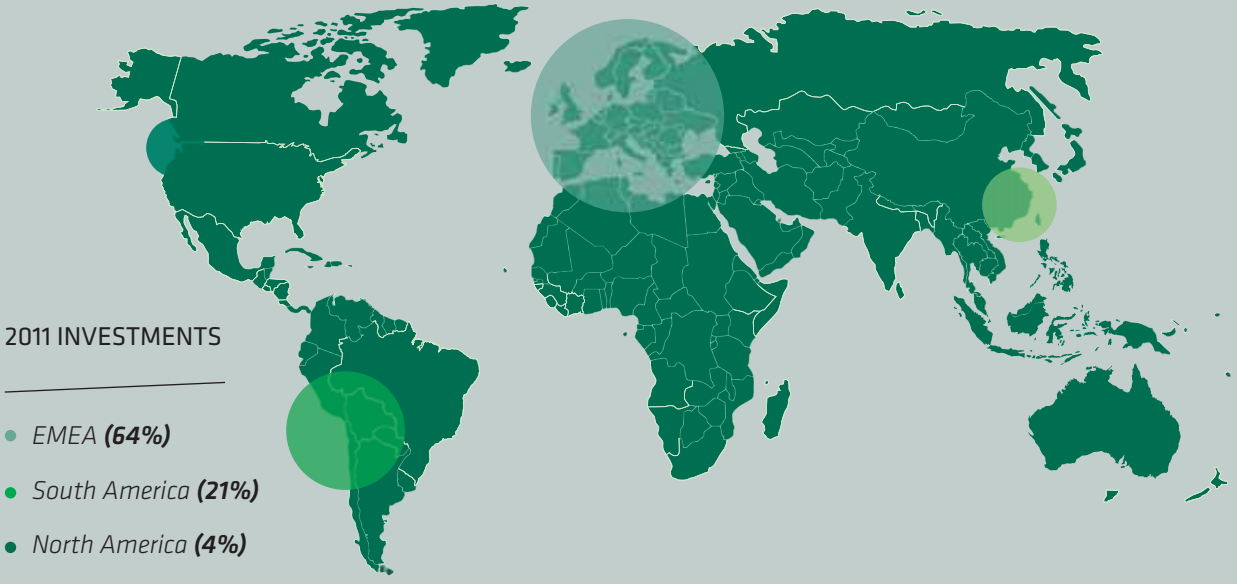
INDUSTRIAL ACTIVITIES R&D AND **INNOVATION**

OPERATIONS

The year 2011 not only saw major strategic investments in submarine cables, high voltage cables, optical cables and fibre, but also the integration of Draka's industrial activities.

The Group's manufacturing operations are carried out through a highly decentralised model, involving 97 plants (of which 43 belonging to Draka) in 34 different countries. The wide geographical distribution of its plants is a strategic asset, allowing the Group to respond relatively quickly to different market requirements. Over the course of 2011 the Prysmian Group continued to implement an industrial strategy based on: (i) focus on higher value-added products, while maintaining a well-diversified geographical presence to minimise distribution costs; (ii) concentration of high-tech product manufacture in a limited number of plants to leverage on economies of scale, increase manufacturing efficiency and reduce net capital employed.

The acquisition of Draka, a company focused on the production of cables for the *Trade & Installers* [1], *Industrial* [2] and *Telecom* [3] businesses, has further enriched and diversified the product/customer portfolio, enabling the Prysmian Group to become recognised world leader in both the Energy and Telecom industries. The process of integrating Draka's industrial activities started during the year, resulting in the gradual extension of the Prysmian Group's organisational models and systems of control to the acquired production facilities.



2011 INVESTMENTS

- *EMEA* ***(64%)***
- *South America* ***(21%)***
- *North America* ***(4%)***
- *APAC* ***(11%)***

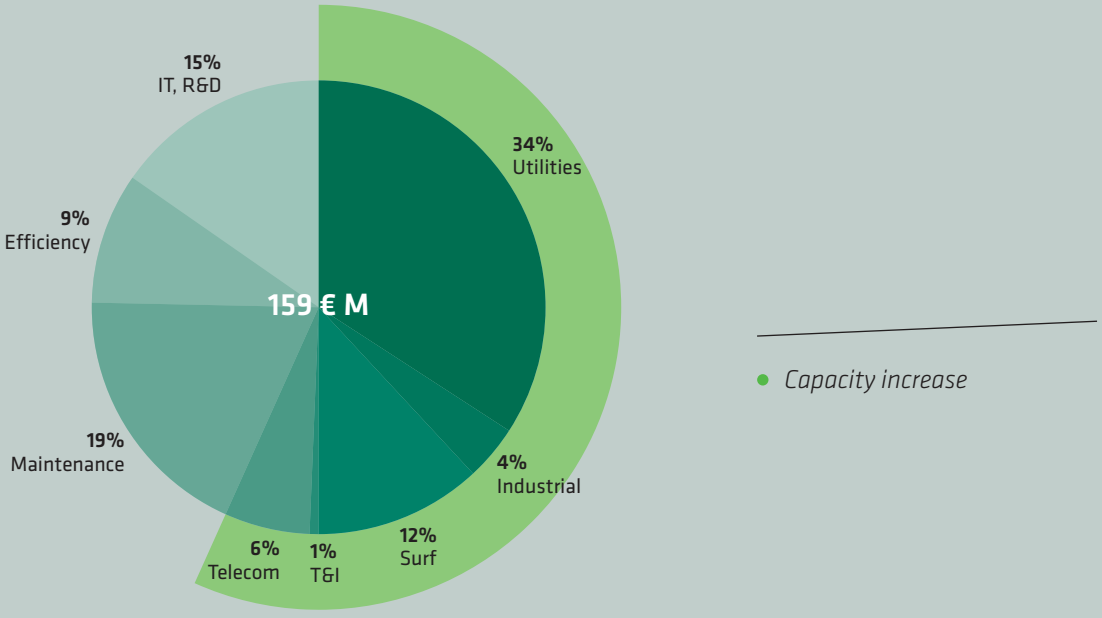
(1) Low and medium voltage cables for power distribution to and within residential and other buildings.
(2) Comprises cables and accessories for special industrial applications based on specific requirements.
(3) Telecommunications.

At the same time, major strategic investments continued to be made in submarine cables, high voltage cables, optical cables and fibre.

During the year the Angel plant in China was finally shut down and its machinery transferred to the factory in Suzhou. Gross investments amounted to Euro 159 million in 2011, up from Euro 102 million the previous year mainly due to the contribution of Draka, whose capital expenditure amounted to some Euro 29 million in the period it was consolidated from March to December. Investments to increase production capacity accounted for 57% of the total. These production capacity increases mostly referred to the *Utilities* [4] and Industrial business areas and to the Optical Cables business line. In particular, major projects were started during the year to produce high voltage cables in Rybinsk (Russia) and direct current submarine cables in Pikkala (Finland); work was also initiated at the Drammen plant in Norway to increase capacity for medium voltage submarine cables for inter-array connections between wind turbines and at the Gron plant in France to increase capacity for high voltage direct current underground cables. The process of developing and certifying flexible pipes for offshore oil drilling was also completed at the Vila Velha plant in Brazil, which started commercial production after successfully completing its enlargement during the year.

In the *Telecom* business, projects were initiated to increase fibre and optical cable production capacity at the Sorocaba plants in Brazil in order to meet growing demand for optical cables in the South American market. In view of the massive broadband investment programme throughout the country, a major project was started in Australia to produce cables locally using ribbon technology.

Lastly, major projects were started at the European optical fibre plants in Battipaglia (Italy) and Douvrin (France) to reduce fibre manufacturing costs.



[4] Organised in four lines of business: High Voltage, Power Distribution, Accessories and Submarine.


Draka Comteq
OPTICAL CABLE

PROCUREMENT AND LOGISTICS

The main raw materials used by the Group in its production processes are copper, aluminium, lead and various petroleum derivatives, such as PVC and polyethylene.

The massive quantity of materials purchased, processed and moved by a group with a strong global presence implies a huge consumption of energy and resources for the production and transportation of the goods involved. Prysmian is consciously committed to reducing the environmental impact of its activities, through concrete actions.

In terms of sourcing, the Group is committed to applying the rules in its Code of Ethics when selecting suppliers, trying where possible to verify the origin of materials and how they are processed.

A recycling system for wooden Drums, for customers in the Electrical Utilities sector, has the dual aim of reducing environmental impact and cutting the costs of disposal.

With reference to product packaging, Prysmian's actions in the areas of packaging and storage involve the promotion of environmentally-friendly materials and their subsequent recycling.

In particular, a recycling system for wooden drums was started up in 2011 for customers in the Electrical Utilities sector, with the dual aim of reducing environmental impact and cutting the costs of disposal.

The wooden drums are collected, repaired and then returned for reuse; this programme is being conducted in collaboration with the Group's suppliers of wooden drums and with its main customers in the sector.

As regards transport, Prysmian not only gives preference to local suppliers but is also committed to reducing goods transport by air and by sea, and to selecting road transport companies that are engaged in implementing sustainable policies and actions.

The Logistics function manages all the Group's intercompany flows both at a budget and everyday operations level with the aim of satisfying demand in all markets that do not have a local production source. This function also manages short and medium-term production allocations and planning through the Sales & Operations Planning (SOP) process, which covers the entire supply chain, from demand forecasting (Sales) to sourcing of raw materials and semi-finished products (Procurement).

In 2011 the Group continued its policy adopted in recent years of prioritising customer service, with the ultimate objective of improving flexibility, reliability, and time to market.

The new concept of "Factory Reliability" introduced since 2010 has improved the reliability of planning and the execution of manufacturing output, both in terms of mix and volumes in ever faster response times, as well as allowing stricter control of every type of inventory: raw materials, semi-finished products and finished goods.

Following the acquisition of Draka in 2011, actions have also been taken to achieve synergies between the Draka and Prysmian distribution networks, including warehouses and distribution centres.

RESEARCH & DEVELOPMENT AND INNOVATION

The acquisition of Draka has increased the Group's know-how and expanded its expertise in high value-added fields such as optical fibre, multimedia & special cables, elevator systems and cables for the offshore oil industry.
The Group now has 17 R&D Centres of Excellence.

The Prysmian Group has always attributed key strategic importance to Research & Development (R&D) to maintain its market leadership, by providing its customers with technologically innovative solutions at increasingly competitive costs. The acquisition of Draka has added to the Group's know-how and expanded its expertise in specific high value-added fields such as optical fibre, multimedia cables (for voice, data and video communication) and special cables, elevator systems, cables for aviation applications and cables for the offshore oil industry.

Following the integration of Draka's Research and Development activities, the Group now has a main R&D office headquartered in Milan as well as 16 other Centres of Excellence, in which the R&D function develops specific products according to local know-how; with about 600 qualified professionals, the Prysmian Group means to be an industry leader in R&D.

Prysmian Group has long, established relationships with major universities and research centres, including the Polytechnic University in Milan, the Polytechnic University in Bologna, the University of Genoa and Trento's Bruno Kessler Foundation in Italy, the Universities of Eindhoven and Delft in Holland, Barcelona in Spain, Uppsala in Sweden and Sao Paulo in Brazil.

The Group's total R&D expenditure amounted to approximately Euro 68 million in 2011, up from Euro 46 million the previous year following the contribution of Draka, which spent about Euro 20 million in the period it was consolidated from March to December.

Among the main achievements in 2011:

• in the area of high voltage cables, the 400 kV alternating current cables produced at the Abbeville plant were certified in accordance with North American standards; the 500 kV XLPE prototype was successfully completed at the Baoying plant in China. Pre-certification of the high voltage direct current systems for the interconnection between France and Spain was completed with positive results;

• in the area of submarine cables, the Arco Felice plant continued development and official testing of 300 kV XLPE direct current cables with new insulating materials for the North European wind farm known as BorWin2; work was also completed on upgrading the Pikkala plant (Finland) for the production of extra high voltage XLPE submarine cables for the HelWin project (connection of two wind farms in the North Sea to the German mainland);

• in the area of P-Laser technology, a specific new production line started up in Holland commenced trial production for local wind farms; research and development work also continued for a gradual extension of P-Laser technology to high voltage cables;

• in the petrochemicals sector, the Vila Velha plant in Brazil successfully completed the development and certification of high-tech 2.5" and 4.0" flexible pipes for offshore oil drilling, intended for installation in Brazil's Santos and Campos basins; experimentations with hybrid umbilical cables saw the development and certification of the first cables using 100% steel pipes for installation at depths of up to 1500 metres on the P-37 Petrobras platform in the Marlin field in Brazil;

A new hybrid umbilical cable, the largest ever made by the Prysmian Group, was also

developed and certified for installation on the P-48 Petrobras platform in the Caratinga field in Brazil;

• in the optical fibre field, different new bend-resistant fibres were developed, including the "Large-Effective-Area SMF" presented at the Optical Fibre Communication Conference 2011 and the innovative "MaxCap-BB" multimode fibre, able to replace traditional standard multimode fibre, as well as other families of optical fibre for special applications operating at high temperatures and in extreme environmental conditions;

• in the area of optical telecom cables, a new hybrid optical-power cable for the FTTA (Fibre to the Antenna) market was certified and launched commercially; this can be installed in towers for 4G LTE systems, the latest development in mobile communication standards.

• in the Connectivity area, a new Home Hub Wall Box for FTTH (Fibre to the Home) applications, a first for the Prysmian Group in terms of size and flexibility, was developed in Australia for the local market and subsequently launched. During 2012 this new solution will be extended to the NBN (National Broadband Network) optical network, allowing Australian market sales to increase significantly;

• in the Multimedia & Specials (MMS) business, production of Category 7 data network cables was certified at the Presov plant in Slovakia; development also continued of second generation "multipair" copper cables for data centres.

PRODUCT INNOVATION FOR ENVIRONMENTAL SUSTAINABILITY

During 2011 the Prysmian Group's Research, Development and Innovation function took forward several projects heavily focused on environmental sustainability; some of the more important projects are outlined below.

• Prysmian North America received official approval from the Underwriters Laboratories (UL) for its medium voltage power cables insulated using lead-free EPR (Ethylene Propylene Rubber). The new lead oxide-free compounds were developed in the R&D labs in Milan and prepared in Italy, while the prototype cables were produced at the Abbeville plant in South Carolina.

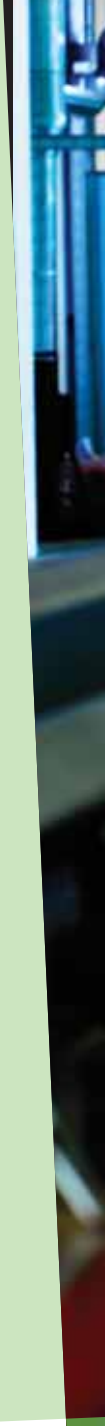
• In the Trade & Installers business area, the new Afumex 750 Green cable, whose insulation uses a polyolefin derived from sugar cane, was developed and launched in Brazil. Please refer to page 34.

• In the area of P-Laser technology (based on using high-performance recyclable insulation), projects were completed to demonstrate that the cable is fully recyclable and to measure its environmental impact. This is described on the page opposite.

• In the renewable energy field, the Tecsun cable specially designed for use in photovoltaic systems was certified in Germany in accordance with local specifications. Also certified was the Turbowind cable, a halogen-free thermoplastic sheathed cable for use in onshore wind farms; the new 35 kV MV cable for use inside wind turbines received certification in China and Brazil.

• In the Network Components business line, considerable efforts were made to promote the use of JEM resin (free of isocyanates) as an alternative to the irritant, toxic resins used as insulation in medium and low voltage joints. A new JEM resin production line was created at the Wrexham plant in the United Kingdom.

• In the area of optical telecom cables, several new types of optical cables were introduced, including halogen-free and fire-retardant optical cables containing new BB-XS technology fibre; a new cable was also developed and certified using "Gel" and "Gel Free" technology, with a low environmental impact thanks to its reduced diameter and lighter weight.



SIGNIFICANT REDUCTION IN CO2 EMISSIONS WITH P-LASER TECHNOLOGY

During the year the Prysmian Group's R&D department completed a project to compare the environmental impact, expressed in terms of quantity of emissions of CO2 equivalents, of the two different systems for producing medium voltage energy cables: P-Laser and XLPE. The study was carried out using the Carbon Footprint (CFP) method, commonly used to measure total environmental impact in terms of the quantity of emissions of CO2 equivalents. The method used considered the entire life cycle of the product, focusing in particular on the production process of cables and their end-of-life disposal.

The results have shown, in some stages of the life cycle, a significant reduction (of up to 70%) in the CO2 equivalent emissions associated with P-laser cable compared with standard XLPE cable. This is particularly due to: 1) a reduction in energy consumption and complete recovery of the cable production waste 2) the full end-of –life recyclability of metallic and non-metallic materials.

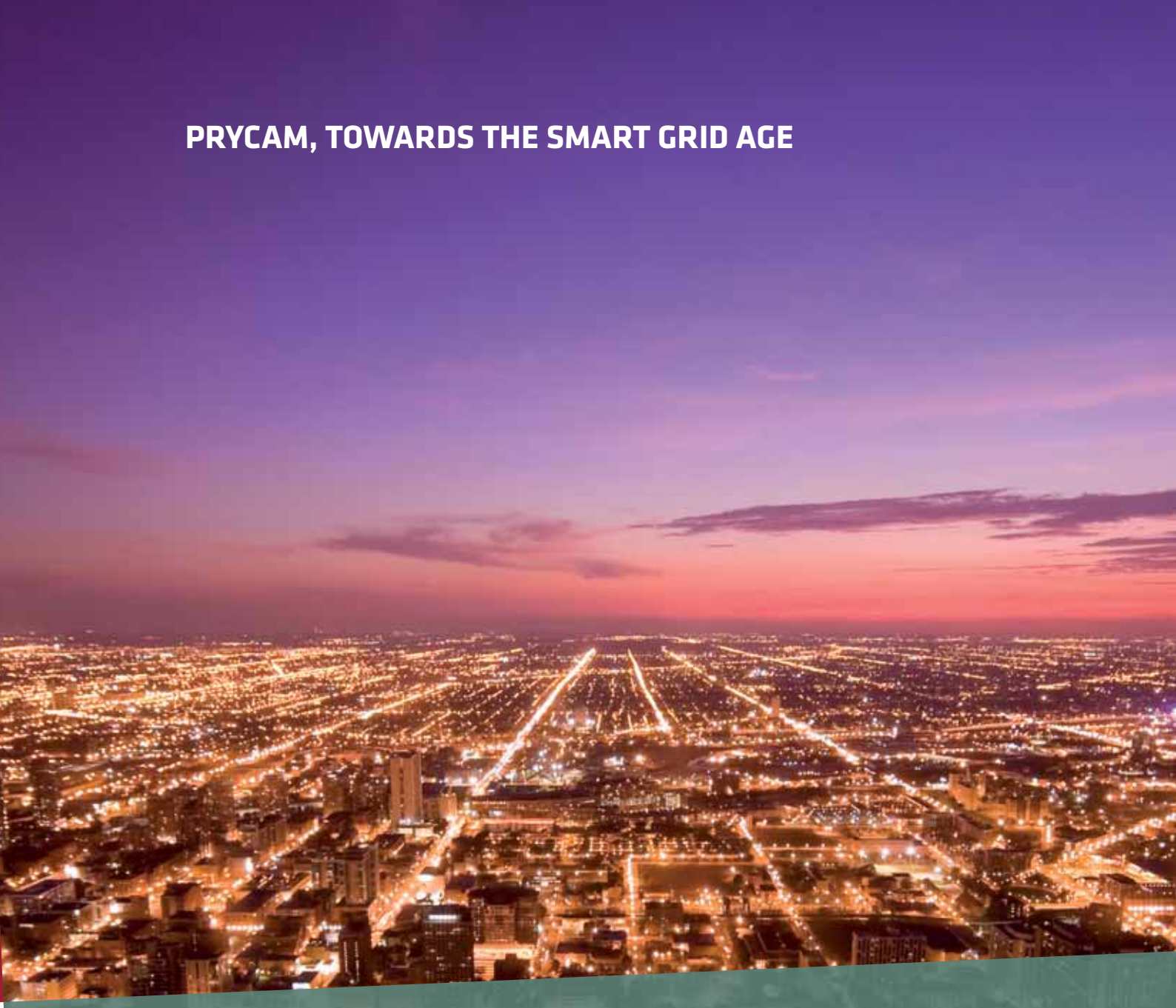
These materials, after separation of the aluminium conductor, have been recycled for the production of plastic pallets, showing a good performance during the manufacturing cycle and a quality that ensures easy placement on the market.

INTELLECTUAL PROPERTY RIGHTS

Protecting its portfolio of patents and trademarks is a key part of the Prysmian Group's business, particularly due to its strategy of growth in high-tech market segments.
In particular, the Group's intense R&D activities, including the contribution of Draka, have allowed it to obtain a particularly large number of patents during the year in high-tech and higher value-added sectors, confirming its major investment in such areas over recent years.
As at 31 December 2010, the Prysmian Group had 5,288 patents and patent applications throughout the world, covering 907 inventions (of which 237 in the Energy segment and 665 in the Telecom segment), a significant increase on the 2,887 patents held at 31 December 2010 primarily thanks to the contribution made by Draka. The most important products, typically involving specific characteristics or production processes, are protected by trademarks that allow them to be identified and guarantee their uniqueness.

At the end of 2011, the Prysmian Group also owned 2,900 trademarks covering its companies, activities, products and product lines.

PRYCAM, TOWARDS THE SMART GRID AGE



Management of the balance between a sustainable future and meeting the demand for energy is an issue to which nearly every nation has responded by creating a series of energy objectives.
To achieve these objectives, a radical change is needed in the way the entire system operates. This has led to the development of the Smart Grid concept. The advent of the Smart Grid age has encouraged Prysmian to look beyond the traditional cable concept, in order to provide solutions that satisfy the new requirements in terms of renewable energy, energy efficiency and carbon footprint reduction.

In order to optimise and improve the reliability of future smart grids, in 2011 the Prysmian Group launched PryCam, an innovative technology to measure the partial discharge of electrical cables, accessories and equipment that will help customers prevent every possible risk to grid operation. Partial discharge measurement, which is typically carried out by specialist using traditional technology, requires the customer to switch off the electrical system for testing purposes and leave it idle for some time. Instead, the new wireless system allows measurements to be made without any contact, meaning that the electrical system does not have to be switched off, making the testing process significantly faster.
Prysmian Electronics S.r.l. is in charge of developing and implementing this new technology; this Group subsidiary will benefit from the support and expertise of the corporate R&D function and it will focus on exploring other Smart Grid related applications to measure critical parameters for controlling the state of grid operation (such as temperature, voltage, current leakages or ampacity).

CUSTOMER SATISFACTION

Prysmian Group aims to be the "preferred supplier" where Customer Satisfaction is concerned. Therefore, in addition to regular monitoring of indicators such as reliability and speed of service, since 2003 the Group has conducted specific customer satisfaction surveys once every 2 years simultaneously in 15 different countries around the world.

The Customer Satisfaction surveys are conducted by a leading company in its field using a specific telephone questionnaire to interview people in charge of the Prysmian relationship (buyers, technicians and logistics personnel); the surveys are designed to measure the level of customer satisfaction with the different elements of the service provided (commercial & marketing, technical and sales support, management of requests, order processing and invoicing, range and quality of products).

The surveys represent a key tool for better understanding the service received, both in absolute terms and relative to other market competitors, and allow the Group to collect more information about what motivates its customers in their choice of cables and systems suppliers.

In particular, the surveys have made it possible to: determine the changes in perception of the service offered by Prysmian over the years; identify the reasons for any dissatisfaction; measure the importance of each element of the overall service in relation to the overall level of satisfaction; analyse satisfaction with the service in relation to customer characteristics; compare Prysmian's performance with that of competitors; identify priorities to improve the service and verify the effectiveness of the actions taken.

Customer surveys also help validate the results of internal customer service measurements.

In general, the results of surveys have enabled the Group to improve its products and services over time, and to give more attention to the priorities expressed by customers.

WORK AND **SOCIAL** PERFORMANCE

HUMAN RESOURCES

Prysmian Group views the quality of human resources as a constituent of excellence and condition for business success.
Following the Prysmian-Draka integration process, during 2011 the Group redesigned its human resources management and development strategy, structuring it around four fundamental processes:

Leadership Alignment
aimed at ensuring a common reference model and consequently effective alliance between the organisation and management in the integration process.

People Quality
to select, manage and develop quality people necessary to manage and develop the business.

Organizational efficiency
to achieve adequate standards in terms of synergy and organisational efficiency/effectiveness.

Social and internal relation
to ensure good industrial relations and internal relations (communication), in line with the Group's values and policies.

All these processes are based on the principles and values set out in the Group's Code of Ethics, particularly with reference to the central role of human resources, to respect for workers' rights and for local laws applying in countries where it operates, to principles of non-discrimination and equal opportunity, and to the protection of personal health and safety.

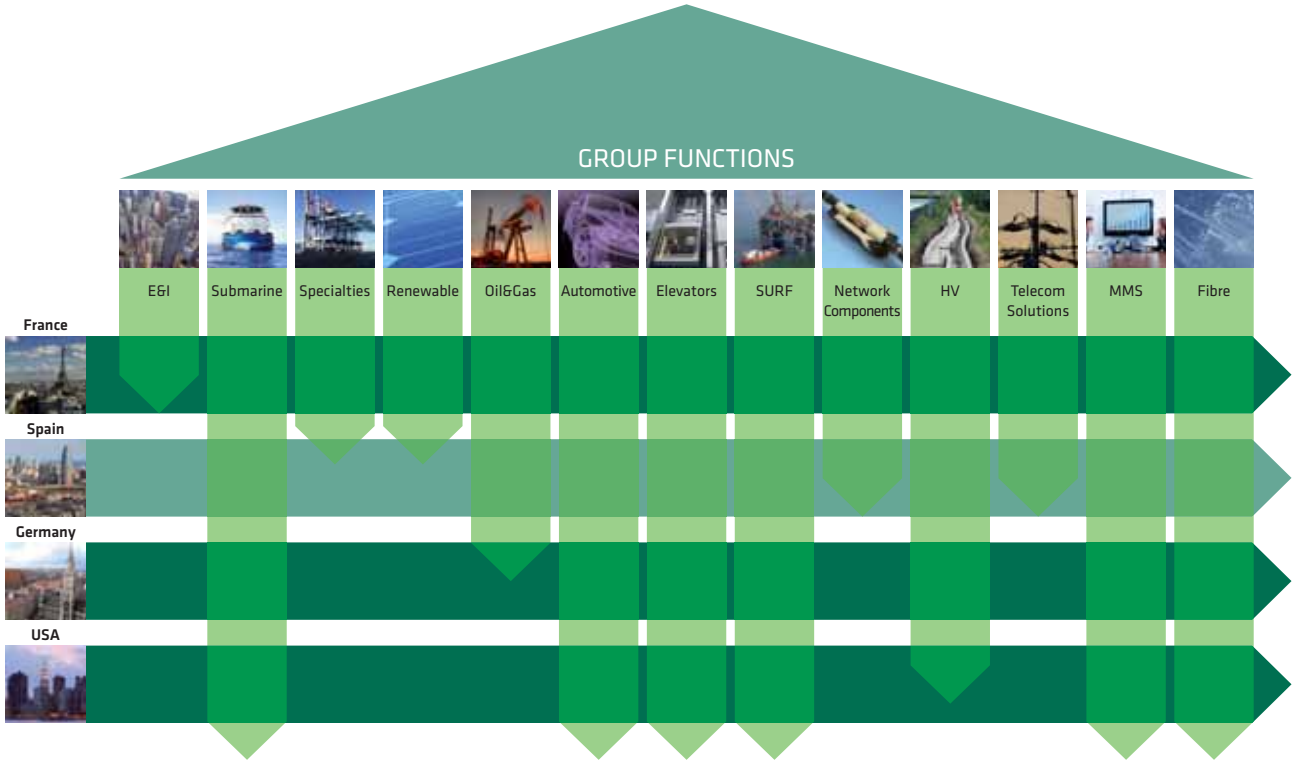
LEADERSHIP ALIGNMENT

VALUES

The Prysmian values system defines how company staff communicate and interact with customers, partners, suppliers, shareholders and communities, and how they manage the business and decide priorities.
In order to ensure appropriate management of people and processes of change, management leadership must therefore be consistent and in line with this values system.

MATRIX ORGANISATIONAL MODEL AND CLEAR PROCESSES

The matrix organisational model adopted by the Group aims to exploit the strengths of previous models, ensuring proximity to local businesses through the organisations in each country, and at the same time a presence in global markets through the Business Units.



PEOPLE QUALITY

QUALITY OF RECRUITMENT AND SELECTION COMBINED WITH EMPLOYER BRANDING POLICIES

Prysmian Group's emphasis on human resources begins with staff selection and recruitment, where it has made a series of improvements by adopting more structured processes designed to:

- attract talents and identify highly qualified resources;
- ensure consistency between the requirements and development of the business;
- establish the right skills, experience and personal qualities necessary for each role;
- ensure that staff induction is in line with the defined profile and consistent with th organisational values.

The first "Build the Future" graduate programme was developed in 2011 and launched in 2012, with the goal, in keeping with the talent management policies, of recruiting young graduates with international profiles in different functions and geographical regions.

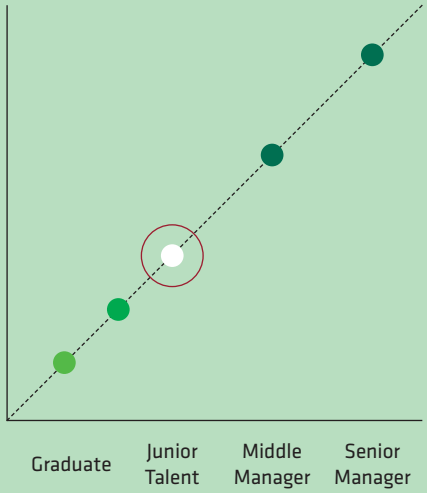
PEOPLE DEVELOPMENT, INVESTING IN PEOPLE

TRAINING AND DEVELOPMENT

Prysmian Group views the training and personal and professional development of employees as an important investment for building, strengthening and developing the Group.
The policies adopted for continuous improvement and development of know-how and skills aim to provide employees with the necessary tools to achieve business and personal development objectives.
During 2011 a series of training and development tools and initiatives were developed for management skills (Leadership) and technical skills (Knowledge).

PRYSMIAN GROUP DEVELOPMENT PROGRAMS

- *Advanced Leadership Program*
- *Junior Leadership Program*
- *Group Professional Training*
- *Graduate Induction Program*



The following training programs have been created to develop the management skills of the various target groups:

1. **Graduate Induction Program:** an induction program for new graduates, comprising different types and methods of training (experience, training, local projects and international assignments);

2. **Junior Leadership Program:** a management development program for talents to support them in learning and professional growth;

3. **Advanced Leadership Program:** a management development programme for key people or leaders of the Group to support them in directing the business, in developing the skills needed for continuous professional growth and for talent and resource management.

A series of "Group Professional Training" courses have been developed for technical skills; these are organised in the form of masters courses for each function or job category (for example, "Engineering Energy Junior Knowledge Training" for Junior Cable Designers), and are designed to improve, safeguard and spread the Group's know-how.

TALENT MANAGEMENT AND CRITICAL KNOW-HOW

For Prysmian Group, human capital is a strategic asset to identify, develop and protect: the management of talented people is critical in this respect.

Specific Talent Management policies and processes have therefore been defined with the following objectives:

- to identify, develop and retain talent to support long-term business growth;
- to develop and protect critical know-how, meaning those people with the essential knowledge and skills for continuously improving product quality, expanding markets, managing customers and acquiring new business.

In particular, a number of important initiatives were undertaken during 2011:

- a review was conducted, with the assistance of specialist companies, to evaluate management performance and potential, in support of the choice of management team;
- a succession management process was devised with the aim of establishing a series of special measures to ensure smooth leadership succession for the Company;
- an internal talent scouting process was initiated with the aim of promoting young talent.

GLOBAL MOBILITY

In the area of initiatives to support employee professional growth, international mobility represents one of the key tools for improving business results through people development. In fact, the "Global Mobility" program represents one of the main strategic processes designed to support achievement of the business objectives:

- by providing high-potential and senior professionals an opportunity for professional development in an international context;
- by motivating and retaining resources with extensive experience, high performance and leadership skills;
- by sharing critical know-how and best practices at a global level.

REWARDS AND RETENTION

Prysmian Group develops and pursues remuneration policies aimed at achieving the following objectives:

- to attract and retain talented people;
- to motivate management to perform to the best of their ability, also by using short-term incentive schemes;
- to align remuneration correctly with responsibility;
- to reward employees based on merit and performance, in both the short-term and long-term;
- to find a balance between the need to meet the expectations of key resources and to operate in the best long-term interests of shareholders.

One example of the Prysmian remuneration policies is the long-term incentive plan for 2011-2013 introduced for senior management and whose guiding principles are:

- to develop a shared Group identity through a common, challenging goal for all three years;
- to align the performance of our organisation's key people with shareholder expectations;
- to introduce an important mechanism of retention over the period of integration;
- to enhance the sustainability of business results in accordance with the new Self-Regulatory Code.

ORGANISATIONAL EFFICIENCY

The Prysmian Group's headcount is analysed as follows, reflecting the need to achieve appropriate standards in terms of organisational synergy and efficiency/effectiveness:

HEADCOUNT

The Prysmian Group had a total of 21,547 employees at 31 December 2011, of whom 5,843 management/white collar staff and 15,704 blue collar staff. Employees are analysed geographically as follows:

	2011 [1]			2010		
	Management/White collar	Blue collar	Total	Management/White collar	Blue collar	Total
EMEA [2] [3]	3,214	9,557	12,771	1,743	6,132	7,875
North America	504	1,492	1,996	191	508	699
South America	374	1,559	1,933	272	1,066	1,338
Asia [4] Pacific	1,374	2,991	4,365	580	1.417	1,997
HQ Milan	377	104	481	361	82	443
Total	**5,843**	**15,703**	**21,546**	**3,147**	**9,205**	**12,352**

The Group had a spontaneous staff turnover of 5.8% in 2011.

Prysmian Group does not use child labour and is able to monitor the age of its employees wherever.

In 2011 they were 90 active local pension plans.

[1] December 2011 inclusive of acquisition of Draka.
[2] EMEA = Europe, Middle East and Africa.
[3] Includes 49% of Power Plus Cable CO LLC Fujarah (UAE).
[4] Includes 40% of Power Cables Malaysia Sdn Bhd.

SOCIAL AND INTERNAL RELATIONS

INTERNAL COMMUNICATION

Internal communication policies and activities are designed to ensure a system that can support and foster integration within Prysmian, convey the Group's vision, mission and policies, promote company values, and publicise the Company's key landmarks and events.
The most important devices used to ensure communication in 50 countries and 23 different languages are:

- **"*CONNECTED*"**, Group printed magazine, which is published in more than 20 languages (for each language of the nations in which Prysmian Group is present);
- **"*INSIDE*" *Group Intranet*, *Video*** and ***Newsletter***;
- **"*ONE*"**, electronic information tools designed to create a global community that will help create a common identity within the Group;
- **COMMUNITY SURVEY**, listening tool to gather feedback.

With reference to the information on structural changes that might have a significant impact on employees, Prysmian ensures that such communications take place within the time limits established by law, by collective labour agreements and by individual employment contracts.

INDUSTRIAL RELATIONS

With reference to industrial relations, the Group recognises the role of trade unions, works councils and all organisations through which it is possible to develop dialogue and effective consultation processes with employee representatives, in accordance with local laws and practices. The Group does not operate in countries in which freedom of association is at risk.

The year 2011 was marked by activities in connection with the Draka Group's acquisition. In fact, in January consent to the acquisition was obtained from the Dutch trade union committee; under Dutch law, such consent was required in order to finalise the transaction. Talks were then initiated with the two separate European Works Councils of Prysmian and Draka to explain the rationale and objectives of the integration process between the two companies.

In the following months, several meetings were held for this purpose with the Works Councils and representative structures in each country to update them on the integration process and its effects. Talks were then started to unify the two Works Councils in light of European Directive 38/2009 (1), even if this has not yet been incorporated into Italian law.

At Group level, discussions with the employee representative bodies generally focused on improving competitiveness in every single production unit through greater efficiency and cost savings, as appropriate to the economic and market situation in the country concerned.

Given the aforementioned recognition of the role of trade unions and in compliance with the various national regulations, the Group negotiates - with the associations representing employees - collective agreements to regulate employment.

(1) Directive 2009/38/EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure for informing and consulting employees in community-scale undertakings and groups of undertakings.

SOCIAL ACTIVITIES

Prysmian Group presents itself as a socially responsible business tangibly engaged in developing areas in countries where it is commercially active.

Working with a strong sense of integrity, the Group focuses its endeavours on promoting and improving the environment as well as to strengthening communities, by supporting public interest initiatives and projects such as the construction of infrastructure and projects in support of public health, jobs and education.

In 2011 Prysmian renewed its support in Tanzania for the ACRA association which is developing the village of Madunda.

During the first phase of the project in 2008, Prysmian Group supported ACRA in the construction of a hydroelectric plant by donating 16 km of medium and low voltage cables; during the project's second phase in 2011, it donated another 10 km of cables to connect new users to the grid.

The plant was inaugurated during autumn 2011 in the presence of Jakaya Kikwete, President of the Republic of Tanzania, and of representatives of the European Union and of the Italian Embassy.

The cables donated by the Group were laid with the help of the local community at the foot of the Livingstone Mountains, an area suffering from extreme poverty and massive deforestation. The plant currently supplies electricity to 12,000 people with an output of 150 kW/hour. Thanks to this new power supply, the region's medical dispensaries now store medicines in refrigerators, schools can open for evening classes to guarantee everyone the right to education, mills can grind wheat and flour using electric motors instead of fuel and shops can close later.

In Italy the Group has embarked on a project in support of Comunità Nuova, a non-profit organisation working in Milan in the area of socio-economic disadvantage amongst young people and run by Don Gino Rigoldi, chaplain of the "Cesare Beccaria" Correctional Institution for Minors.

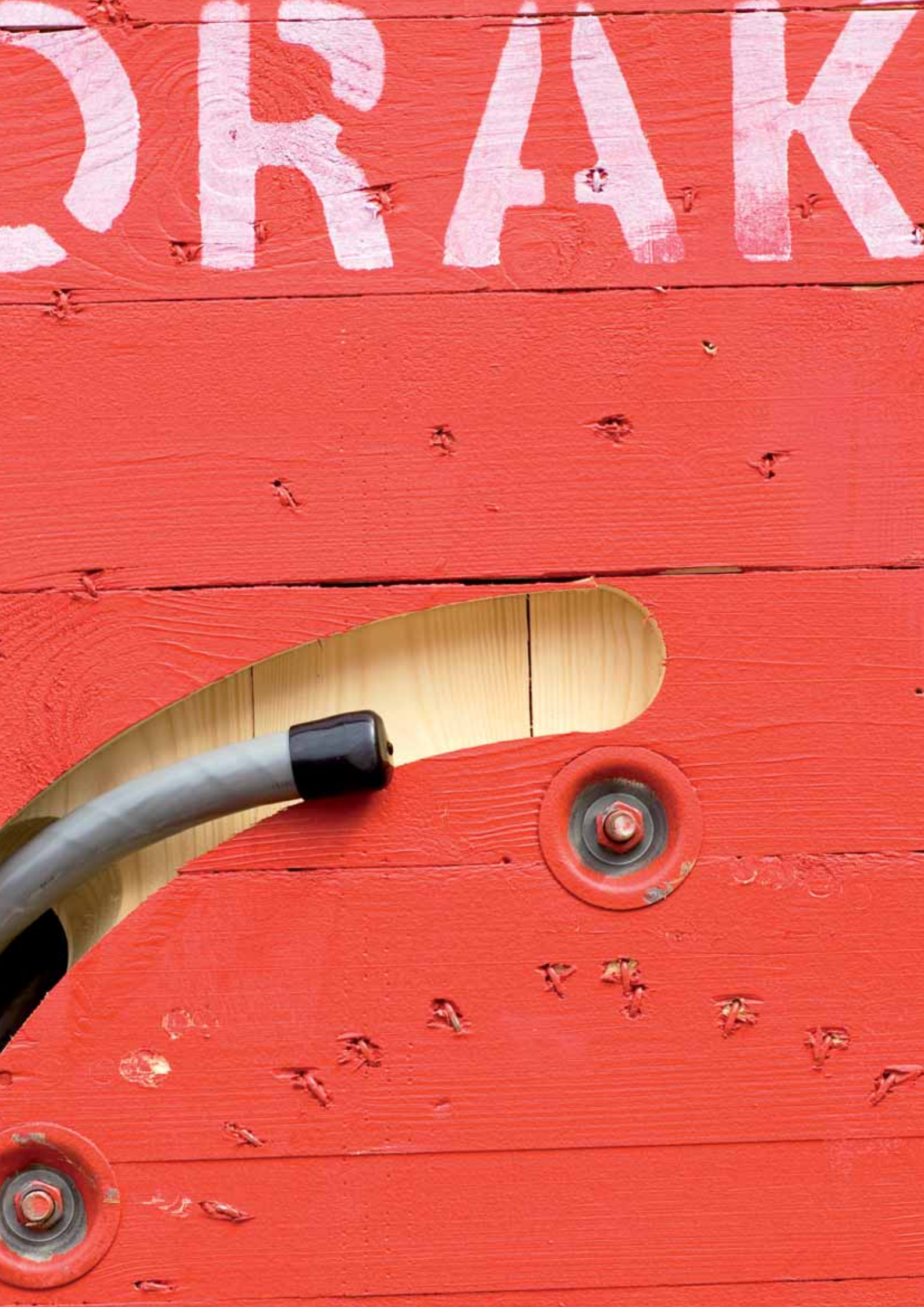
Comunità Nuova, founded in 1973 by a group of volunteers, cooperates with public and private bodies, local health authorities and addiction services, schools, churches, local government and businesses. It operates in a number of different contexts: hospitality, rehabilitation and support for drug addicts, prevention in schools, custody of minors, organisation of after-school and youth centres, counselling and legal advice to immigrants, intercultural promotion and social reintegration.

Thanks to the Prysmian Group's donation, youth centre educators in Milan were able to implement some important projects for different groups of young people attending the centre: a learning support course for pupils from local schools, aimed at in-depth intervention with the help of effective teaching methods, produced remarkable results for the students involved; a dance course, designed to create an opportunity mainly for female users, and two separate summer holidays aimed at empowering the young participants and providing them with an enjoyable experience.

Among other social responsibility initiatives undertaken around the world, Prysmian Group Italy has completed a project to support two African children at a distance through Fondazione AVSI and it has renewed its solidarity commitment to a child in Haiti. Prysmian Group Sweden has installed solar panels in schools in Burundi in support of an organisation conducting a schools building program in this country. Prysmian Group Finland has contributed to the Mannerheim League for child welfare and to the programs of Skills Finland that promote vocational excellence. In North America the Group has supported several education and social awareness projects carried out by non-profit organisations that seek to improve the quality of life in local communities.


GIULIO VERNE

HEALTH, SAFETY AND **ENVIRONMENTAL** PERFORMANCE


ORAK

HSE STRATEGY AND POLICY

During 2011 the merger with Draka and the transition to "One Company" was the main driver of the new Group's activities in the areas of environmental management and protection of health and safety at work.

The union between the two industrial companies and their respective Health, Safety and Environment functions has given rise to a series of initiatives for a synergetic integration between the two groups, while creating an opportunity for further improvement by drawing on the experience and past results of both.

The mission of the Prysmian Health, Safety and Environment department is to help meet the Company's objectives and stakeholders' expectations by developing, maintaining and monitoring an effective system to manage the Environment, and the Health and Safety of everyone working for the Prysmian Group.

To achieve these objectives and ensure that a uniform approach and tools would be used throughout the new Group, the Prysmian Group decided to revisit all the essential features of its management system and re-examine them critically in the light of the new organisational structure.

This will let Prysmian establish a new departure point from which to manage its environmental, health and safety issues ever more purposefully and to set targets for improvement and for processes that take into account all the changes and all the conditions needed to achieve results in line with the Group's policy.

In this respect, 2011 was a period of transition and integration that has seen reaffirmation and consolidation of the following principles of the HSE Policy:

• Prysmian promotes at every site and every Group company the adoption of an HSE Management System that complies with international standards and the Group's directives, which, following evaluation of all significant issues associated with their activities, ensures effective operational management and continuous monitoring in order to constantly improve working conditions, by aiming to minimise accidents, to reduce the incidence of occupational illnesses and to prevent any type of environmental pollution;

• Prysmian considers environmental and energy issues when assessing its products and processes and it sets itself targets, through the HSE Management System at each site, for reducing the consumption of raw materials and energy, by encouraging recycling of materials and maximising efficiency on the technical and environmental fronts;

• Prysmian involves all levels of the organisation and ensures that everyone working for the Group is aware of their roles and responsibilities concerning HSE, by providing specific training and disseminating information about managing the HSE aspects of its products and activities to all internal and external stakeholders.

With the introduction of the new HSE Policy in 2012, the Prysmian Group's senior management will renew and intensify the commitment already made in the past to Environment, Health and Safety management, ensuring, once again, that the values expressed in the Policy are reflected in the conduct of all Group companies and all employees and staff.

The head office HSE department will continue to guide and support Group companies in managing HSE matters, from updating the Environment and Safety procedures and tools used to collect and aggregate the data, to getting all levels of the organisation involved through targeted communications, information and training, through to performance of audits with reference to the Group's new structure.

HSE STRUCTURE AND ACTIVITIES

The Corporate HSE department is in charge of coordinating and controlling all activities and programs aimed at protecting the environment and employee health, safety and welfare.

HSE helps each Country/Regional organisation and the Business Units to define improvement objectives and related action plans to reduce pollution and minimise risks, taking account of the nature of each production sector and geographical differences.

The process of mutual understanding and integration of HSE management, prompted by the merger of Prysmian and Draka in 2011, has also affected the HSE function; this process has involved various levels of the organisation, starting with consolidation of the HSE department centrally and establishment of an HSE function for each Country or Region, accompanied by a clear division of responsibilities between the head office and local HSE functions.

The Corporate HSE department continues to serve as a point of reference for operating units to solve particularly complex problems.
A specific team has been established for this purpose (HSE Technical Improvement) as the HSE department's technical arm and will assist in defining the Group's standards and providing even more competent, targeted support in response to the specific needs of operating units.

At top management level, HSE presides over the Environmental and Safety Committee (ESC), whose members include the heads of Prysmian's two production sectors (Energy and Telecommunications), as well as a number of head office managers. In 2011 the ESC members were reappointed to reflect the new organisational structure following the Draka acquisition.

At the beginning of 2012 the HSE department will provide the Committee with all the necessary information to analyse and assess the Group's health, safety and environmental management, with particular reference to the organisational and operational changes introduced, so that the Committee can carry out a comprehensive review of existing management systems and set the Prysmian Group's improvement objectives.

Within each Country or Region in which Prysmian is present, the respective HSE functions promote the creation of working groups comprising the heads of each Operating Unit or their representatives, with the task of defining the guidelines applicable to the individual country or individual business line and of consistently reflecting Corporate policy

taking account of national legislation and local organisation. Decisions taken in the regular meetings of working groups lead to the definition of HSE improvement objectives and investments for each Country or Region.

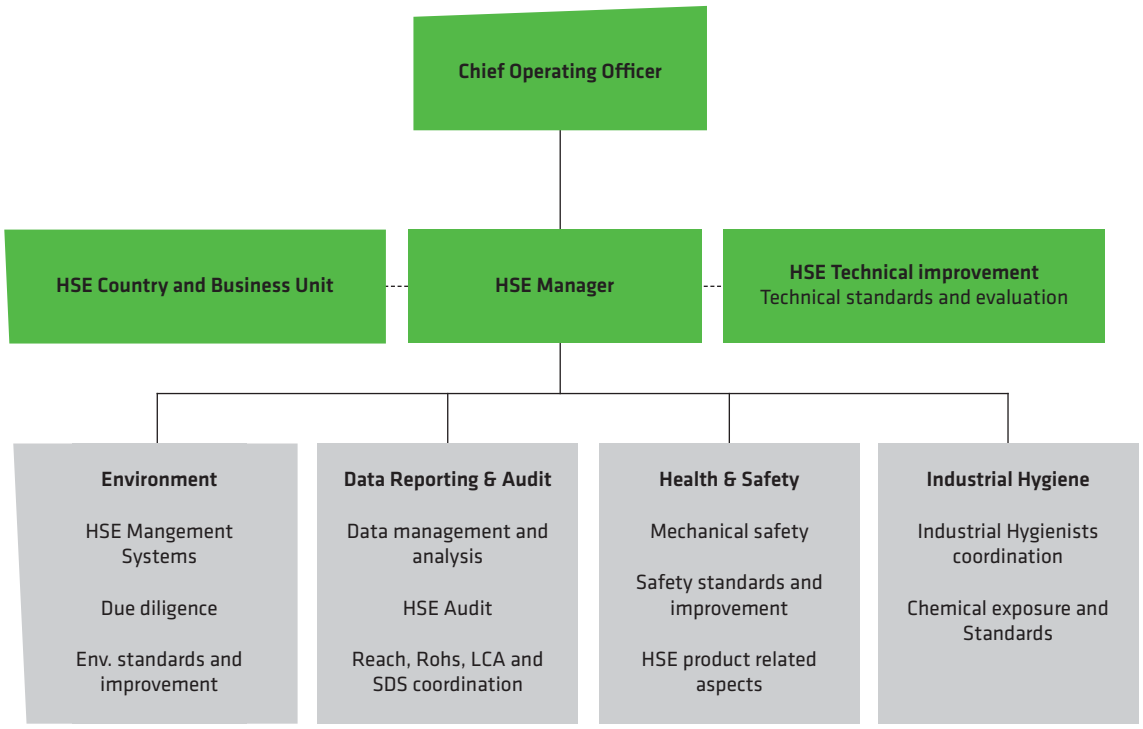
In compliance with specific legal requirements and the centralised procedures issued by the Corporate HSE department for implementing the HSE Management System, each individual Operating Unit sets up an HSE management committee, comprising the heads of the various company functions and chaired by the site director or his representative. This committee meets regularly to monitor the implementation and maintenance of the Management System, to consider any new laws or organisational changes, to evaluate the results of monitoring and the extent of achievement of objectives set at different levels within the organisation, by Corporate and Country top management and site managers, to identify the need for training or information and to define the methods of communication regarding Health, Safety and Environment issues. In particular, the Committee examines accidents that have happened, the trend in injury frequency rates, and any specific or urgent issues.

In some countries, also in accordance with local legislative requirements, employees are represented on this committee, in proportion to the size of the sites.

In addition to the committees referred to above, almost all operating units hold regular operational meetings organised by production managers or their representatives (heads of department or shift supervisors), to discuss the salient issues relating to production, quality and management of environmental, health and safety issues.

During these meetings information is provided about actual accidents or injuries and "near accidents", so as to directly involve workers and encourage them to make their contribution to defining preventive measures, and to create increasing awareness about Health and Safety management in the workplace.

PRYSMIAN GROUP HSE STRUCTURE



HSE ACTIVITIES

The Corporate HSE department performs a series of institutional activities, which include:

- Assessment of HSE aspects of products and production activities;
- Provision of support to top management in analysing and evaluating the HSE Management System and in setting group-level HSE improvement objectives;
- Definition of HSE management systems and standards at the Group level, and provision of support to Country/Region HSE functions with introduction and implementation activities;
- Management and reporting of HSE data;
- Coordination and conduct of audits;
- Management of due diligence (mergers or acquisitions), with reference to HSE, to identify any organisational or technical gaps with respect to Prysmian standards;
- Evaluation of environmental liabilities and their effect on asset values, as well as identification and assessment of any current or required actions, including management of contacts with the authorities or other external interlocutors;
- Provision of support to Group companies in identifying and evaluating the HSE aspects of investments, including relocations, or disposals;
- Collaboration with other Corporate-level functions, in responding to external shareholder requests concerning group-level environmental management and performance;
- Coordination with the local HSE functions, to provide operational support in managing communication with external stakeholders on environmental, health and safety issues.

In addition of these established activities, during 2011 a number of extraordinary activities were carried out in connection with the need to define the bases for managing HSE in the new Group, starting with reorganisation and consolidation of the HSE function itself.

In particular, the HSE department carried out the following activities in collaboration with the other company functions involved:

- Definition of the key factors for the new Group's HSE management, not only on the organisational front but also in terms of centralised reference documentation, methods of communicating the common principles and tools for operational management. This activity, forming part of the HSE Management System's revision following the Prysmian-Draka merger, also involves a phase of integrating and refining HSE operating procedures and has been based on Prysmian and Draka's experience and best practices;
- Redefinition of the environmental and safety measures to be adopted at Group level;
- Introduction of technical changes to the HSE Data Management System used to collect, aggregate and report environmental and safety data and the system's roll-out to all new Operating Units;
- Selection of Draka's more representative sites, and visits to various countries in order to analyse key issues and the related operational controls and to identify any liabilities and/or actions in progress or to be taken;
- Additional commitment by the Group in the area of safety, aimed at reducing accidents by setting corporate and local safety targets for 2012, and through greater supervision by the Corporate HSE department, which conducts a full analysis of all serious accidents and a monthly review of trends in the performance indicators;
- Training, engagement and greater empowerment of local HSE functions, achieved using various methods of communication/information (e-mail, Webex, HSE web page, ad hoc meetings) and through the sharing of responsibilities between the Corporate HSE department and the related Country/Region/Operating Unit functions.

ISO 14001 AND OHSAS 18001 MANAGEMENT SYSTEMS

At the end of 2011, 80% of the Prysmian Group's Operating Units were certified under the "ISO 14001" standard, while 40% of the Operating Units were certified under the "OHSAS 18001" standard.

These figures reflect all certifications obtained by companies in the two groups now combined in the Prysmian Group, in implementation of their respective HSE policies.

ENVIRONMENTAL INVESTMENTS

During 2011, Prysmian Group invested around Euro 3 million in group-wide projects to improve environmental performance and safety at work.

This figure includes both centrally approved investments and a number of investments made by individual production sites, planned and implemented as part of Environmental and Safety Management Systems under ISO 14001 and OHSAS 18001 or based on contingent requirements to comply with legislation or reduce risks to the environment and workers.

The various investments included:

- actions to maintain or achieve OHSAS 18001 certification;
- measures to improve prevention and emergency response;
- installation of structures to prevent environmental pollution (double wall tanks, containment systems, etc.);
- improvement of systems for channelling and treating waste water;
- improvement of the safety of electrical testing equipment.

HSE TRAINING, INFORMATION AND AWARENESS

Training and education are an essential part of environmental management and of health and safety at all levels of the organisation. Prysmian plans activities and initiatives in this area on the basis of the following key elements of HSE management:

- the environmental, health and safety aspects of operations and products, their importance and potential environmental impact and/or associated risks;

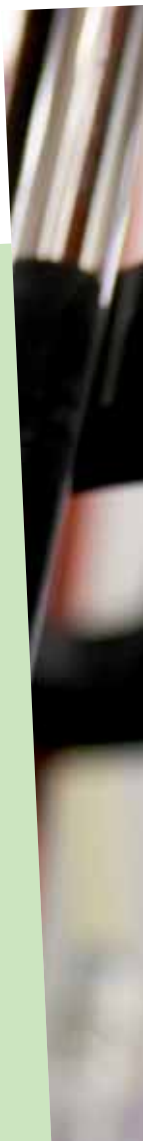
- the roles and responsibilities defined for HSE management within the company's organisation.

Each Operating Unit identifies its training needs, based on consideration of the above two factors, and prepares a training plan for all staff whose jobs have a potential environmental impact or those who are exposed to specific health and safety risks; the purpose is to ensure that every person, depending on their position and their responsibilities, is adequately informed and trained to learn and maintain the technical skills and conduct needed to perform their duties with an awareness of and respect for the established HSE Management System.

There are also specific procedures in place for the training of new recruits or when people change jobs, or when equipment is introduced or modified, or for any new laws or procedures. This process applies both to technical training for operating personnel, and to management or specific training for people in charge of Prevention and Protection services and the Management System, for department managers or department heads, for people with responsibility for managing emergencies, for first aiders and the Management System's internal auditors.

Training and education activities conducted through internal or external courses run by the HSE function in collaboration with other competent technical functions are complemented by activities to provide information and raise awareness about HSE issues, in the form of internal meetings, conferences, internal magazines, posters, and so on.

The level of proficiency achieved by and effectiveness of HSE training are verified during internal audits and in the course of regular audits of the Management System, conducted at the Group's Operating Units by a qualified outside body.



TRAINING AND SHARING OF KNOW-HOW AND EXPERIENCE

The merger of Prysmian and Draka has resulted in the need for additional consolidation, dissemination and sharing of common tools and procedures, drawn from integrating the years of experience of the two groups.

In prompt response to this need, in 2011 the Corporate HSE department organised an initial two-day training workshop for all the Country or Region HSE managers, from both Draka and Prysmian. The event was attended by about thirty people from eighteen countries.

The main purpose of this event was to confirm the role of the HSE function within the Group, to create a common language to ensure uniform HSE management in all Prysmian operating units around the world and to promote the exchange of experience and competencies.

This initiative will be followed by other similar ones at individual country or regional level, so as to transfer the same vision to all HSE site managers and engage them in the new HSE communication network.

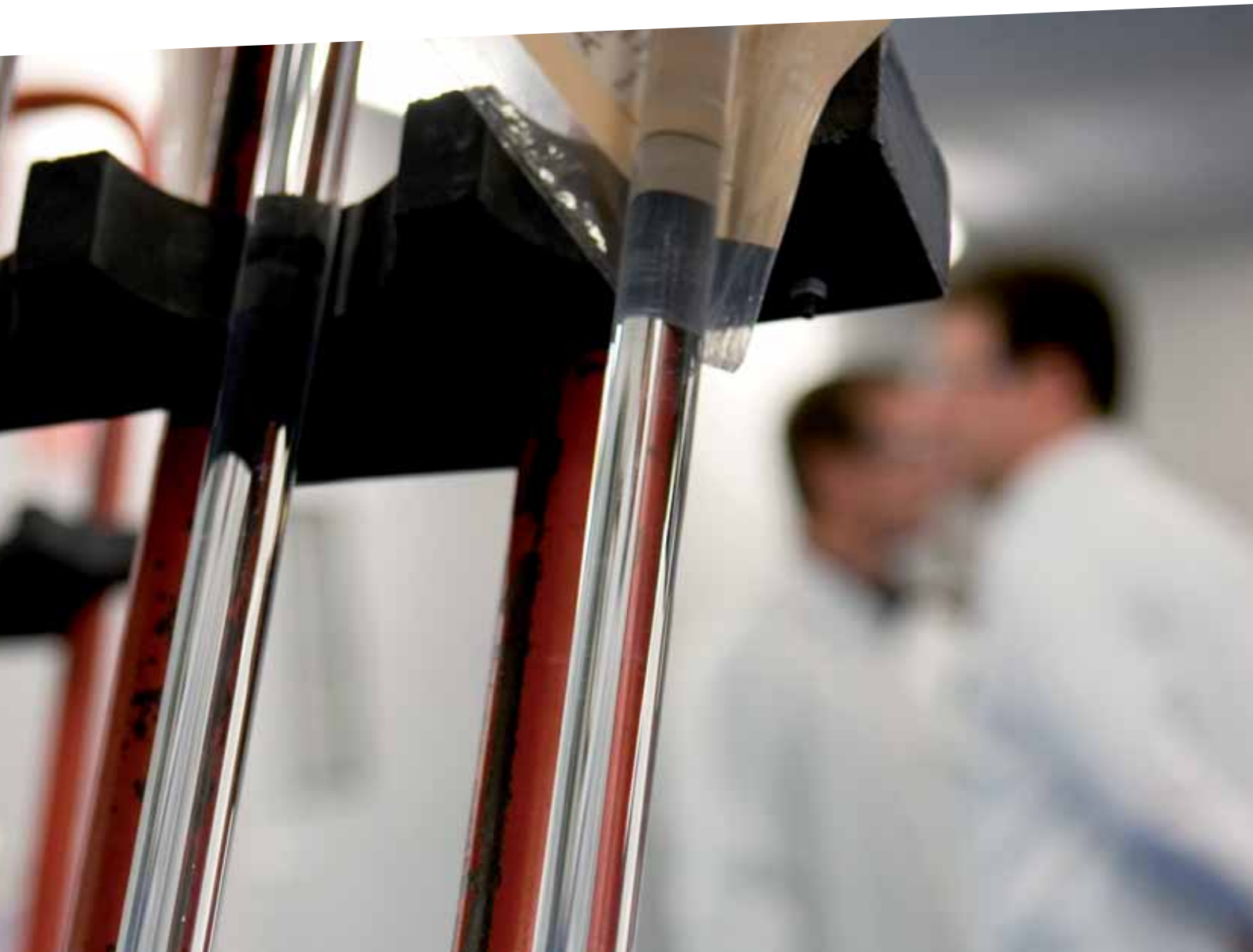
ASSOCIATION MEMBERSHIPS

Prysmian participates, through its HSE representatives, in industry associations, both at a national and European level, including the Environmental Working Group of AICE (the trade association representing the Italian Insulated Cable, Wire and Accessory Industry and also a member of Confindustria, the Italian Employers' Federation), ECOE (the Environmental Committee of Europacable, the association of European cable manufacturers), the REACH Task Force of Orgalime (the European Engineering Industries Association representing the interests of the Mechanical, Electrical, Electronic, Metalworking & Metal Articles Industries), and the IEC Commission (International Electrotechnical Commission).

The related activities are carried out with a key contribution from Prysmian Group and are aimed at the detailed examination and internal dissemination of regulatory standards and at the advancement of initiatives such as:

- Analysis of the various European environmental regulations (and Italian regulations in the case of the AICE Environmental Working Group) that could have repercussions for the industry represented (like European regulations, ROHS, Waste, Seveso, VOC, IPPC);
- Contribution to the development of industry standards containing environmental requirements;
- Specific initiatives (such as the Environmental Product Declaration);
- In-depth examination and dissemination of the European REACH Regulation, in order to address the many requirements and obligations envisaged.

These activities, carried out jointly by the various members of these associations, consist not only of examining the issues mentioned, but also of developing the tools with which to manage the related obligations (in the case of legal requirements) and the ways of advancing specific initiatives (as in the case of the specific environmental product declaration for cables).



PRESENTATION OF ENVIRONMENTAL NUMBERS

This section presents the aggregated environmental data for Energy and Telecom sector operating units.

The merger between Prysmian and Draka has required data collection tools and procedures to be integrated in order to jointly present the data in the Sustainability Report. Environmental data for 2011 has therefore been collected using the same criteria at all the Prysmian Group's plants.

A number of methodological clarifications need to be made in order to ensure that the data is correctly read and interpreted:

• The historical data of the two companies (i.e. prior to 2011, the year of merger) has been collected using different criteria and so cannot be aggregated or compared with one another. The graphs therefore show aggregate figures for the Prysmian plants (whose trend over the past 3 years is reported) separately from the figures for the Draka plants, which are presented for 2011 alone.

In order to be able to compare the Group's figures for 2011 with the corresponding figures in future years, it has been decided to present, in addition to the graphs, a table at the end of this section showing the total Prysmian + Draka figure for each environmental indicator, as a point of reference when preparing future Sustainability Reports.

• Unlike the 2011 Group Annual Report, which consolidates Draka's results from 1 March 2011, the Draka figures contained in the Sustainability Report refer to the whole of 2011.

This is because, under Prysmian procedures, although environmental data is managed on a continuous basis by each individual site, it is always reported annually to the Corporate HSE department with reference to the calendar year. This established procedure responds to headquarters requirements for managing and controlling environmental data.

The Draka plants have therefore followed the same procedure, supplying Corporate HSE with figures for calendar year 2011. The decision has been to report this annual data, and so not calculate the figures for the 10 months since acquisition, which would have resulted in a loss of accuracy since some of the parameters vary over the course of the year depending on season and production load.

• In the absence of Draka historical data, the three-year trend analysis refers to the Prysmian plants alone, although the graphical presentation allows direct comparison between the Prysmian and Draka data for 2011.

However, this comparison is only indicative because the differences between the respective indicators are not easily attributable to specific reasons, being partly due to the changes introduced and the different experience and approach of the operating units of the two groups before the merger. This situation is clearly transitory and linked to the time needed to integrate the two companies and will be redressed when all the Group's plants have gained due experience and awareness on how to collect, check and report environmental data.

• Since each type of production has very specific characteristics, associated with the materials used and the type of products, the environmental performance indicators have been aggregated into the major Production Categories: Energy Cables, Accessories, Telecom Cables and Optical Fibre, without going into the merits of additional subdivisions within each category (Business Areas).

• The Category most affected by the merger with Draka is Optical Fibre, whose group-wide production more than trebled in 2011 compared with 2010. In addition, the types of processing differ from one operating unit to another, since different production processes are carried out on the basis of different patents. All these aspects will be the subject of a general review and reassessment by the HSE department in order to better understand the reasons for any differences compared with previous years, and to refine the reporting of data for this production category, taking into account the technological differences.

• No data has been collected for offices or the R&D labs because of their low environmental impact, or for certain production sites not yet fully equipped to collect data: Haixun, Wuhan, Zhongyao (China); Pune, Chiplun (India); Grombalia (Tunisia); Auckland (New Zealand) [1].

• The indicators presented in this report are those regarded as significant for the Prysmian Group, both from a business and environmental impact point of view. These indicators have been selected on the basis of a systematic approach using a common methodology, leading to the identification of representative parameters for the Group's production activities.

• Underground and submarine cable installation activities, whose environmental aspects and methods of operation are very different from those of the operating units, fall into a category apart. Environmental data is not yet reported for these types of activities, since work is still in progress for future collection and reporting of representative indicators, based on specific projects and the different organisational structures.

The aggregate indicators set out below therefore present the aspects common to the Group's production activities that have a certain importance for the type of activity and are environmentally significant. They therefore comprise a selection of those that the individual operating units track as part of their local management systems.

The figures presented by Production Category are:

• energy consumption, obtained as the sum of all energy sources used by Prysmian to manage its production activities and services;

• water consumption, the materiality of which is related to the high demand for water for cooling in Prysmian's various production cycles. This type of water usage also involves less waste water, both in qualitative and quantitative terms (cooling water can be used in closed circuits that do not involve discharge, or in open circuits, whose ultimate discharge normally does not require heavy treatment);

• hazardous and non-hazardous waste, with a potential impact on various environmental factors, but which are also very important as a term of reference for assessing process efficiency;

• ozone-depleting substances which, although small in amount, are present in nearly every Prysmian production unit and are carefully controlled for their potential atmospheric impact.

Based on assessments and Prysmian's past experience, atmospheric emissions are of limited significance to most types of the Group's production. In previous years, the potential impact on the atmosphere was quantified with reference to the consumption of organic solvents. This was based on their dangerous, highly volatile nature, in addition to their widespread use in all manufacturing sectors, although to different extents and for different purposes. After several years, the improvements made combined with a review of the data have shown that this indicator (organic solvents) has become less significant, both in terms of quantities used and in terms of consumption per unit of production. It has therefore been decided to stop reporting this indicator in the Sustainability Report although it continues to be used as a management parameter in every operating unit and for evaluations at the aggregate level.

As part of the work started since the merger with Draka to redefine the strategies for managing HSE issues at Group level and to revise existing data management systems, Prysmian is committed to considering and evaluating the possibility of defining other performance indicators, including CO2 equivalent emissions and the use of raw materials; such indicators will be carefully considered with reference to the different types of production to show their environmental impact and their importance to the business.

[1] The environmental data of the sites not currently included in this analysis, is scarcely significant as compared to the total environmental data disclosed, both because of the little number of excluded sites on the total of production sites (about 7%) and because of the limited production of these sites

The following table presents an overview of which data is presented for each Production Category.

		Covered in report and measurement unit			
		Energy Sector		Telecom Sector	
Area of impact	Parameter	Energy Cables	Accessories [8]	Telecom Cables	Optical Fibre
Energy [1]	Consumption (total)	GJ	GJ	GJ	GJ
	Consumption/unit produced	GJ/tonne produced [5]		GJ/km produced [7]	GJ/km fibre [6]
Hazardous waste [1][2][3]	Quantity disposed of (total)	kg	kg	kg	kg
	Quantity disposed of/unit produced	kg/tonne produced [5]		kg/km produced [7]	kg/km fibre [6]
Non-hazardous waste [1][2]	Quantity disposed of (total)	kg	kg	Kg	kg
	Quantity disposed of/unit produced	kg/tonne produced [5]		kg/Km produced [7]	kg/km fibre [6]
Water [1][3]	Consumption (total)	m^3	m^3	m^3	m^3
	Consumption/unit produced	m^3/tonne produced [5]		m^3/km produced [7]	m^3/km fibre [6]
Ozone-depleting substances	Quantity present in production facilities	kg [4]		kg [4]	

[1] The figure for the "Energy Cables" category includes data from both the Telecom and Energy operating units at the plants in Jakarta, Slatina (except 2011) and La Rosa, and from the three Telecom, Energy and Accessories operating units at the Oulu plant, due to the absence of separate accounts for the individual units (i.e. the figures are attributed to the plant as a whole). The amount of product against which such figures were normalised also includes the telecom cables produced by these units, expressed in weight (rather than in km, like in the "Telecom Cables" category.

[2] Hazardous and non-hazardous waste: the figure for the "Energy cables" category includes data from both the Telecom and Energy operating units at the Bishopstoke plant, due to the absence of separate accounts for the individual units (i.e. the figures are attributed to the plant as a whole).

[3] Water consumption and hazardous waste: the figure for the "Energy Cables" category includes data from both the Accessories and Energy operating units at the Gron plant, due to the absence of separate accounts for the individual units (i.e. the figures are attributed to the plant as a whole).

[4] The figure is relevant to the entire sector. In fact, the amount of ozone-depleting substances is not related to production and so is reported as a total amount for each of the Energy and Telecom Sectors.

[5] Total production expressed in tonnes, against which the environmental performance indicators are normalised, is the sum of the weight of cables produced in the years reported (2009, 2010, 2011) and of the compounds produced by Prysmian in the same years for inclusion in products, while purchased compounds are excluded. In fact, although compounds are already included in the weight of the cable on which they are extruded, the portion of them produced by Prysmian (and not purchased on the market) represents a contribution to the total value of the various environmental performance indicators considered (energy and water consumption, quantity of waste disposed of).

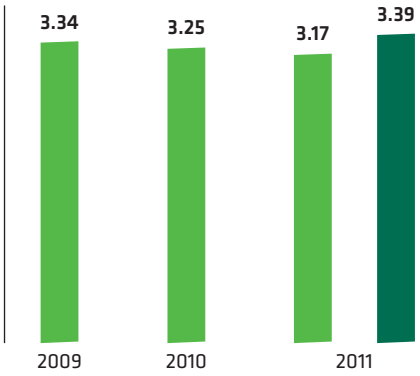
[6] The product expressed in kilometres, against which the environmental performance indicators are normalised, is represented by finished optical fibre and does not include the portion of semi-finished products made by the "optical fibre" plants considered in this report.

[7] Starting from the present Report, the output of the "Telecom Cables" category is expressed in km (having previously been in tonnes) and is obtained by summing optical fibre cables output, quantified in km of fibre, with copper cables output, quantified in loop km. The decision to use km instead of tonnes to quantify the total of telecom cables produced is due to the fact that the unit of measurement expressed in length reflects the trend in production (and the respective impact on the environmental performance indicators) in a more meaningful fashion than the unit of measurement expressed in weight. Changes in the production mix involving an increase in the percentage of optical fibre cables and a parallel reduction in the percentage of copper cables would result in an overall reduction in output expressed in weight, even if the corresponding quantities in length of product would show an increase. Implicitly, therefore, it is assumed that the output of telecom cables increases if its quantity expressed in units of length (km) increases, or decreases if total length decreases; it does not increase (decrease) if its quantity expressed in weight increases (decreases).

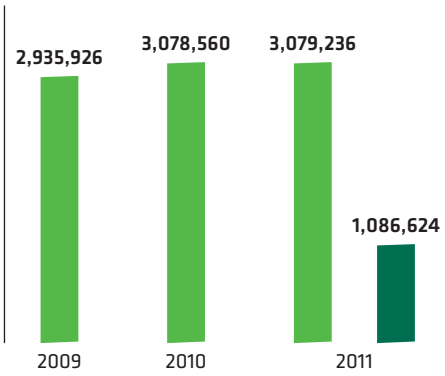
[8] Only the absolute amounts are reported for "Accessories" since uniform product units are not available for this category.

ENERGY CONSUMPTION [1]

ENERGY CABLES



ENERGY CONSUMED PER TONNE PRODUCED (GJ/T PROD.)



ENERGY CONSUMED (GJ)

- *Prysmian*
- *Draka*

In terms of GJ per tonne produced, the aggregate figure for Energy Cable plants reports an improvement since 2009, going from 3.25 to 3.17 GJ per tonne produced, while the total quantity of energy consumed presents a largely stable trend.

At individual plant level, one the main factors behind consumption trends is the type of product required in the year in question, which dictates the type of process or material to be processed and so the energy requirements. Of particular note in this context were the improvements introduced by one German plant, which reduced its gas consumption after connecting to a biogas cogeneration plant, which recovers heat from organic waste. The quantity of alternative energy that has replaced the fossil fuel of natural gas amounts to 8,042 GJ and is obtained from the fermentation of corn and manure.

This figure is not reported in the table below, which refers to traditional sources of energy common to all plants.

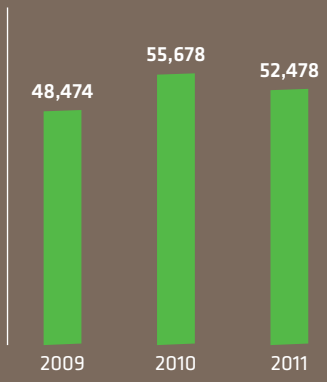
[1] The aggregate energy figures contained in the Sustainability Report have been obtained using the consumption data for the various energy sources for each production unit and adding them together after converting them into GJ using the following multipliers:

Energy source	Multiplier	Unit	Source
Electricity	3.6	MJ/kWh	Idemat 2001
Natural gas	34.3	MJ/m³	Idemat 2001
Diesel	45.2	MJ/kg	Idemat 2001
LPG	46	MJ/kg	Idemat 2001
Fuel oil	41	MJ/kg	Idemat 2001
Steam	2,600	MJ/t	Idemat 2001

BREAKDOWN OF ENERGY SOURCES USED

Source	Prysmian Consumption 2011 (GJ)	Draka Consumption 2011 (GJ)
Electricity	2,146,938	727,309
Fuel oil	10,474	37,524
Petrol	2,629	1,992
Diesel	61,256	17,721
LPG	50,555	25,985
Coal	-	-
Natural gas	761,557	248,371
Steam (purchased, not produced internally)	45,826	27,721
Total	**3,079,236**	**1,086,624**

ACCESSORIES



ENERGY CONSUMED (GJ)

Apart from variability in the rates of production, the reduction in consumption is attributable to lower consumption of heating fuel thanks to the particularly mild winter in 2011 in some countries.

BREAKDOWN OF ENERGY SOURCES USED

Source	Prysmian Consumption 2011 (GJ)	Draka Consumption 2011 (GJ)
Electricity	29,567	
Fuel oil	-	
Petrol	-	
Diesel	-	
LPG	1,151	
Coal	-	
Natural gas	21,760	
Steam (purchased, not produced internally)	-	
Total	**52,478**	

Note: Draka consumption for 2011 is included in the Energy Cables category (see methodological note no.1).

TELECOM CABLES

ENERGY CONSUMED PER KM PRODUCED (GJ/KM PROD.)

ENERGY CONSUMED (GJ)

- *Prysmian*
- *Draka*

A reduction in the values per unit produced (which nonetheless remains around 0.02 GJ per km of cable) has been accompanied by an increase of the total value of consumption.

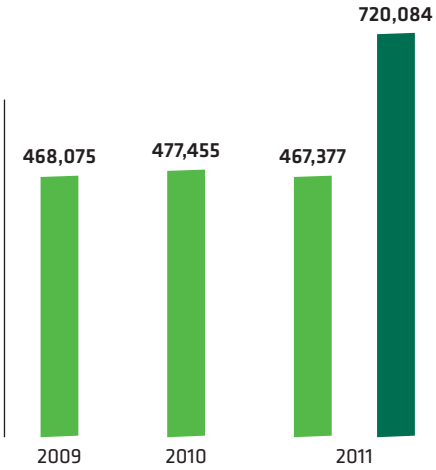
This is largely due to the fact that energy consumption is not entirely proportional to production, since part of it is fixed.

BREAKDOWN OF ENERGY SOURCES USED

Source	Prysmian Consumption 2011 (GJ)	Draka Consumption 2011 (GJ)
Electricity	312,364	251,879
Fuel oil	5,522	-
Petrol	847	46
Diesel	3,994	3,056
LPG	4,442	2,046
Coal	-	-
Natural gas	41,774	151,379
Steam (purchased, not produced internally)	-	2,036
Total	**368,944**	**410,442**

OPTICAL FIBRE

ENERGY CONSUMED PER KM PRODUCED (GJ/KM PROD.)



ENERGY CONSUMED (GJ)

- *Prysmian*
- *Draka*

As can be seen by observing the figures for Prysmian plants, both total consumption and consumption per km of optical fibre produced are relatively stable, with a downward trend.

Comparison of the Prysmian plants with those of Draka shows that the latter have lower normalised values per unit produced. This is at least partly due to the different technology platforms used to manufacture optical fibre, which affect the cost and characteristics of the processes and consequently the related energy requirements. Work is underway to explore this issue, also with the aim of identifying possible room for improvement. Unlike the normalised values, it is the Draka plants that have the higher absolute values.

BREAKDOWN OF ENERGY SOURCES USED

Source	Prysmian Consumption 2011 (GJ)	Draka Consumption 2011 (GJ)
Electricity	375,265	636,564
Fuel oil	-	-
Petrol	-	77
Diesel	1,188	-
LPG	-	148
Coal	-	-
Natural gas	90,924	73,329
Steam (purchased, not produced internally)	-	9,966
Total	**467,377**	**720,084**

WASTE

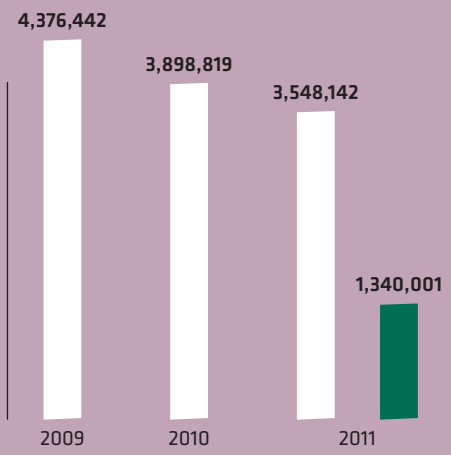
The principal types of waste generated by production activities have been split into specific categories, classifying their level of danger (hazardous waste and non-hazardous waste) according to the related European classification system, regardless of the waste's country of origin and disposal.

Exceptions are all types of waste that cannot be classified in the categories specified in the data reporting forms and which are reported in the two residual categories: "other hazardous waste" and "other non-hazardous waste" (for example, laboratory chemical substances). In such cases, waste is classified in one or other category on the basis of local laws and regulations.

HAZARDOUS WASTE

ENERGY CABLES

HAZARDOUS WASTE DISPOSED OF PER TONNE PRODUCED (KG/T PROD.)



HAZARDOUS WASTE DISPOSED OF (KG)

- *Prysmian*
- *Draka*

The charts show a steep reduction both in bsolute values and in those per unit produced. The figures have been affected both by cyclical factors and the introduction of improvements. Cyclical factors include: the variable timing of oil and emulsion replacement in plant production lines, and of maintenance activities that generate waste classified as hazardous. The improvements contributing to the reduction include:

• the introduction of a filtration system at a Chinese plant, which has reduced the quantity of process sludge for disposal;

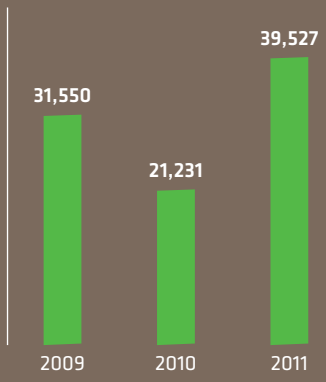
• the reduction by a Spanish plant in lubricants used for maintenance purposes, thanks to improved process management;

• a number of extraordinary maintenance measures, which have improved the operation of various devices and led to a reduction in waste lubricants and sludge from industrial water treatment.

BREAKDOWN BY TYPE OF WASTE

	Prysmian			Draka
Type of hazardous waste	**Quantity disposed of in 2009 (kg)**	**Quantity disposed of in 2010 (kg)**	**Quantity disposed of in 2011 (kg)**	**Quantity disposed of in 2011 (kg)**
Hazardous ingredients for compounds	133,659	61,826	90,970	68,291
Asbestos	42,769	5,020	7,100	20,820
Copper and aluminium sludge	903,444	707,919	168,625	63,982
PCB-containing equipment	4,260	29,638	110	4,120
Solvents	77,372	57,027	420,770	24,170
Waste wax and lubricants	119,653	66,631	33,743	15,471
Waste oil	197,777	229,699	230,765	77,766
Waste emulsions	2,246,065	1,998,796	1,811,311	664,345
Waste ink	25,314	1,673	1,150	8,889
Contaminated wood sawdust	14,763	9,075	7,329	2,938
Other hazardous waste	611,365	731,514	776,269	389,209
Total	**4,376,442**	**3,898,819**	**3,548,142**	**1,340,001**

ACCESSORIES



HAZARDOUS WASTE DISPOSED OF (KG)

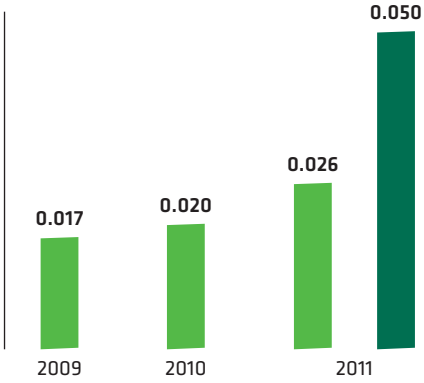
After last year's improvement, there has been an increase in the quantity of waste, mostly accounted for by a specific type of product that requires a particular type of raw material whose waste is classified as hazardous.

BREAKDOWN BY TYPE OF WASTE

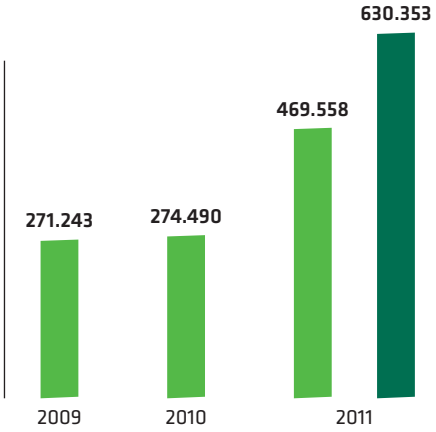
	Prysmian			Draka
Type of hazardous waste	**Quantity disposed of in 2009 (kg)**	**Quantity disposed of in 2010 (kg)**	**Quantity disposed of in 2011 (kg)**	**Quantity disposed of in 2011 (kg)**
Asbestos	-	-	-	
PCB-containing equipment	-	-	-	
Solvents	4,760	3,054	2,576	
Waste oil	10,250	5,120	14,705	
Contaminated wood sawdust	-	-	-	
Other hazardous waste	16,540	13,057	22,246	
Total	**31,550**	**21,231**	**39,527**	

Note: the Draka figures for 2011 are included in the Energy Cables category (see methodological note no.1).

TELECOM CABLES



HAZARDOUS WASTE DISPOSED OF PER KM PRODUCED (KG/KM PROD.)



HAZARDOUS WASTE DISPOSED OF (KG)

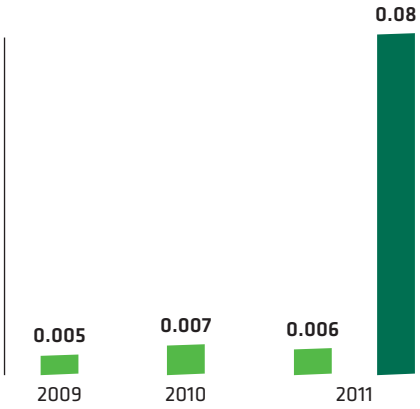
- *Prysmian*
- *Draka*

The increase is clearly visible, both in absolute terms (from 275 tonnes to almost 470) and relative terms (from 0.02 to 0.026 kg per km of cable), and is mostly attributable to an exceptional event, namely the work to install a production line at the plant in Australia, which has generated a wide variety of waste classified as hazardous.

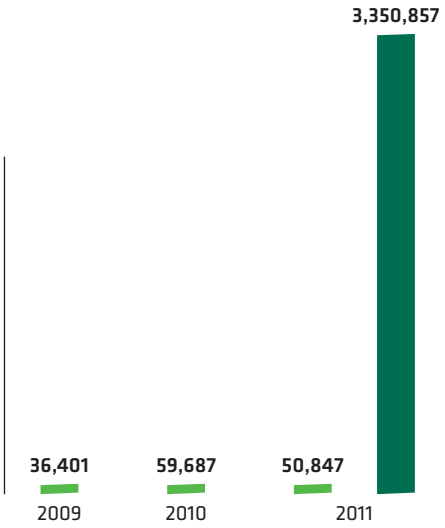
BREAKDOWN BY TYPE OF WASTE

	Prysmian			Draka
Type of hazardous waste	**Quantity disposed of in 2009 (kg)**	**Quantity disposed of in 2010 (kg)**	**Quantity disposed of in 2011 (kg)**	**Quantity disposed of in 2011 (kg)**
Hazardous ingredients for compounds	-	-	-	2,437
Asbestos	-	323	-	-
Copper and aluminium sludge	11,792	4,565	8,017	4,351
PCB-containing equipment	-	-	-	-
Solvents	18,491	9,369	56,866	3,599
Waste wax and lubricants	82,430	79,141	26,841	28,244
Waste oil	6,105	5,445	25,740	10,077
Waste emulsions	60,824	111,661	97,188	102,469
Waste ink	-	2,136	2,528	444,428
Contaminated wood sawdust	3,278	9,105	3,437	-
Other hazardous waste	88,323	52,745	248,941	34,748
Total	**271,243**	**274,490**	**469,558**	**630,353**

OPTICAL FIBRE



HAZARDOUS WASTE DISPOSED OF PER KM PRODUCED (KG/KM PROD.)



HAZARDOUS WASTE DISPOSED OF (KG)

- *Prysmian*
- *Draka*

The Prysmian data shows a considerable increase in quantities in 2010 followed by a reduction in 2011 in both absolute and relative terms, mostly due to the smaller number of process batteries disposed of.

There is also a significant difference between the figures for the Prysmian and Draka plants, with the latter reporting considerably higher quantities both in absolute terms and on a per unit produced basis.

This is at least partly due to the different technology platforms used to manufacture optical fibre, and consequently the nature of the related processes, as well as to the respective emissions abatement systems, which can generate a smaller or larger amount of waste. Further investigation is underway to explore this issue, also with the aim of identifying possible room for improvement.

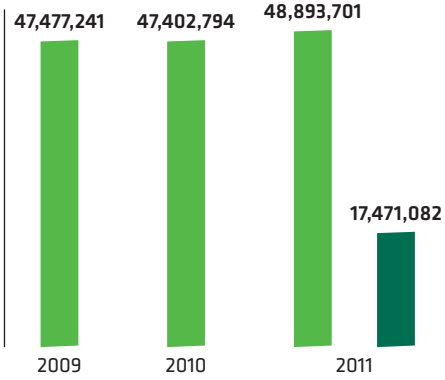
BREAKDOWN BY TYPE OF WASTE

	Prysmian			Draka
Type of hazardous waste	**Quantity disposed of in 2009 (kg)**	**Quantity disposed of in 2010 (kg)**	**Quantity disposed of in 2011 (kg)**	**Quantity disposed of in 2011 (kg)**
Asbestos	-	-	-	-
PCB-containing equipment	-	-	-	-
Sludge or solid waste with solvents	-	-	-	9,173
Solvents	21,390	22,280	19,244	33,482
Waste oil	-	3,971	1,380	27
Contaminated wood sawdust	-	-	-	-
Other hazardous waste	15,011	33,436	30,223	3,308.175
Total	**36,401**	**59,687**	**50,847**	**3,350,857**

NON-HAZARDOUS WASTE

ENERGY CABLES

NON-HAZARDOUS WASTE DISPOSED OF PER TONNE PRODUCED (KG/T PROD.)



NON-HAZARDOUS WASTE DISPOSED OF (KG)

- *Prysmian*
- *Draka*

The value in relative terms is largely stable (50 kg per tonne produced in 2010, versus 50.3 in 2011), while there has been a small increase in absolute amount.

In fact, many plants have made improvements whose effect on the the graph, have been mitigated by the one-off disposal of waste at a plant in Australia, which accounts for most of the increase reported in 2011.

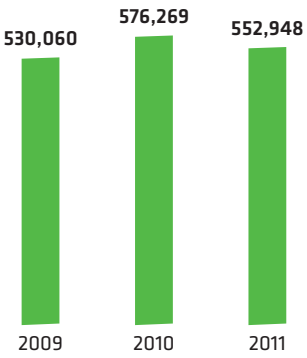
Among the improvements:

- a procedure has been introduced to reutilise waste PVC compound, whereby PVC waste is collected separately in order to preserve its purity, thus allowing it to be reused (Hungary);
- compound and cable waste has been reduced after a specially designated team studied and then implemented better process management (Brazil);
- reuse of compound waste has increased thanks to the introduction of a regranulation system for the sheathing process (Turkey);
- a system, already used by other Operating Units, for returning packaging to suppliers started operating in Romania;
- regranulation of PVC waste and reuse as recycled material in the local market (Indonesia).

BREAKDOWN BY TYPE OF WASTE

	Prysmian			Draka
Type of non-hazardous waste	**Quantity disposed of in 2009 (kg)**	**Quantity disposed of in 2010 (kg)**	**Quantity disposed of in 2011 (kg)**	**Quantity disposed of in 2011 (kg)**
Waste compound	11,855,843	9,007,364	9,650,688	3,957,922
Non-hazardous packaging	6,937,580	8,245,948	8,898,985	3,669,902
Non-hazardous ingredients for compounds	1,149,983	1,105,604	1,088,059	104,160
Sludge from non-industrial water treatment	876,743	1,335,622	1,150,543	19,320
Sludge from industrial water treatment	167,185	131,535	437,394	8,100
Urban waste	10,877,046	9,724,263	7,481,529	1,567,448
Wood				157,790
Other non-hazardous waste	15,612,862	17,852,458	20,186,504	7,986,441
Total	**47,477,241**	**47,402,794**	**48,893,701**	**17,471,082**

ACCESSORIES



NON-HAZARDOUS WASTE DISPOSED OF (KG)

The 2011 figure is positioned midway between those of the previous two years. After falling in 2009, the quantity of hazardous waste has returned to its 2008 level, in line with the production trend.

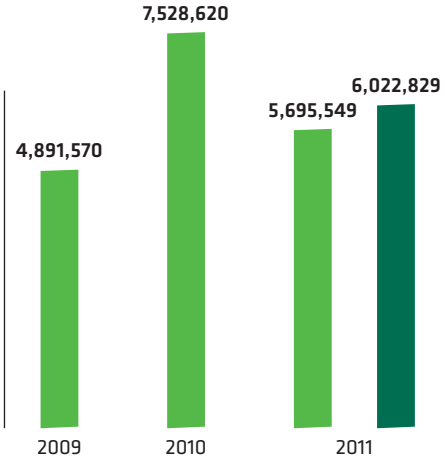
BREAKDOWN BY TYPE OF WASTE

	Prysmian			Draka
Type of non-hazardous waste	**Quantity disposed of in 2009 (kg)**	**Quantity disposed of in 2010 (kg)**	**Quantity disposed of in 2011 (kg)**	**Quantity disposed of in 2011 (kg)**
Non-hazardous packaging	248,160	285,300	217,506	
Sludge from treatment of non-industrial water	-	-	-	
Sludge from treatment of industrial water	-	-	-	
Urban waste	147,600	128,000	128,921	
Other non-hazardous waste	134,300	162,969	206,521	
Total	**530,060**	**576,269**	**552,948**	

Note: Draka consumption for 2011 is included in the Energy Cables category (see methodological note no.1).

TELECOM CABLES

NON-HAZARDOUS WASTE DISPOSED OF PER KM PRODUCED (KG/KM PROD.)



NON-HAZARDOUS WASTE DISPOSED OF (KG)

- *Prysmian*
- *Draka*

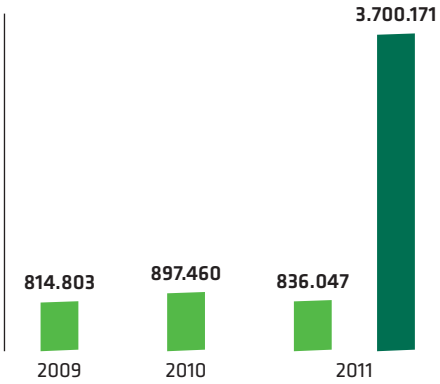
The significant improvement reflected in the reduction of the absolute value (from 7,520 tonnes in 2010 to about 5,695 in 2011) has been attributed to the variable timing of disposal of certain non-hazardous waste kept in storage and of the performance of cleaning and scrapping operations, which are carried out at intervals of several years.

BREAKDOWN BY TYPE OF WASTE

	Prysmian			Draka
Type of non-hazardous waste	**Quantity disposed of in 2009 (kg)**	**Quantity disposed of in 2010 (kg)**	**Quantity disposed of in 2011 (kg)**	**Quantity disposed of in 2011 (kg)**
Waste compound	537,129	771,417	599,579	863,684
Non-hazardous packaging	1,940,180	2,303,338	1,936,070	1,223,498
Non-hazardous ingredients for compounds	-	-	-	-
Sludge from non-industrial water treatment	21,555	2,110	4,825	1,000
Sludge from industrial water treatment	3,852	1,215	1,506	4,160
Urban waste	1,639,374	2,021,286	1,742,631	1,540,357
Other non-hazardous waste	749,480	2,429,254	1,410,938	2,390,130
Total	4,891,570	7,528,620	5,695,549	6,022,829

OPTICAL FIBRE

NON-HAZARDOUS WASTE DISPOSED OF PER KM PRODUCED (KG/KM PROD.)

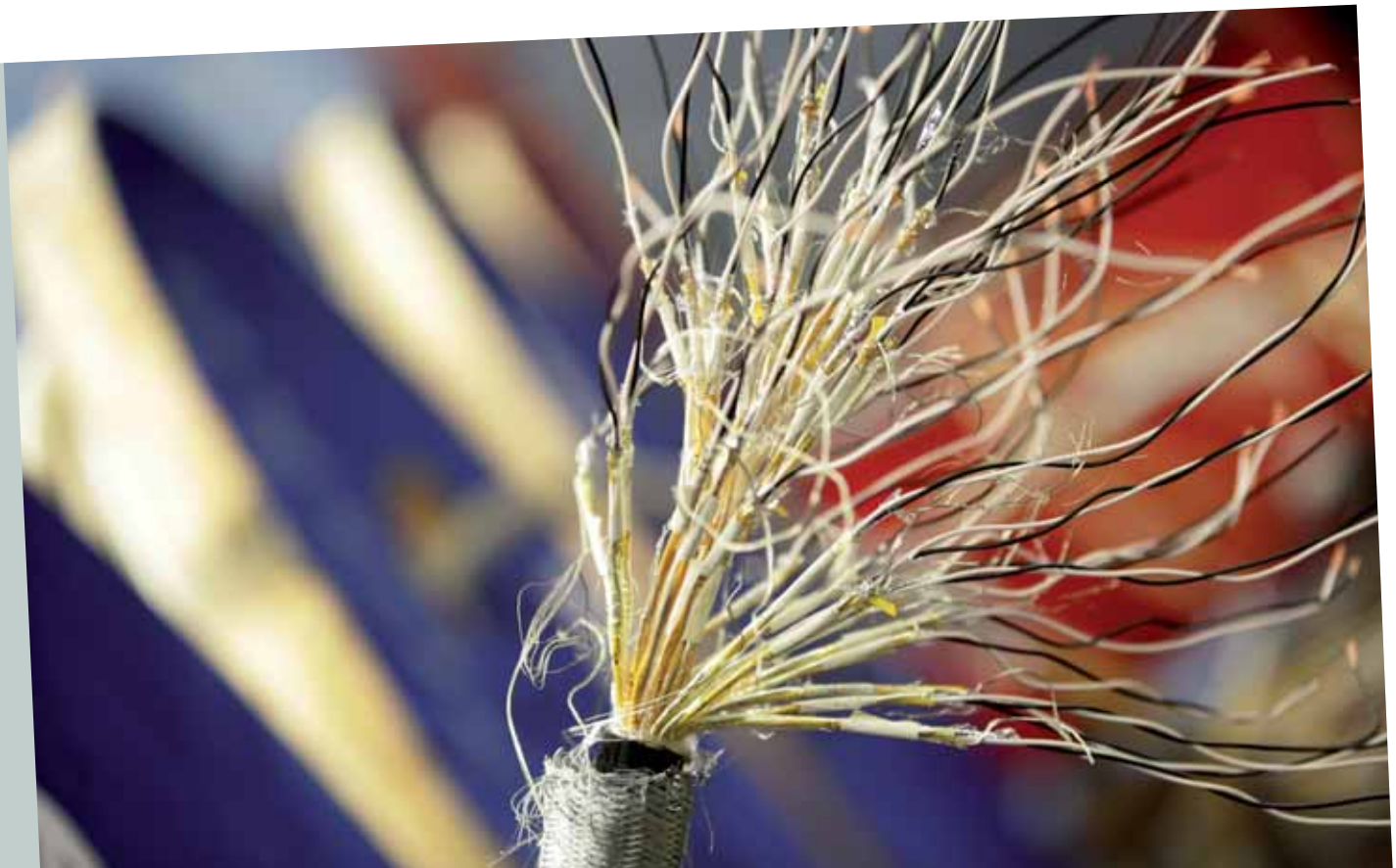


NON-HAZARDOUS WASTE DISPOSED OF (KG)

- *Prysmian*
- *Draka*

The Prysmian figures show a slight improvement in the trend, in both the absolute and relative values.

The comparison with the 2011 figures for the Draka plants shows that for the same output, there are no major differences between the two companies, while there is a not inconsiderable disparity in absolute quantities, reflecting differences in production.



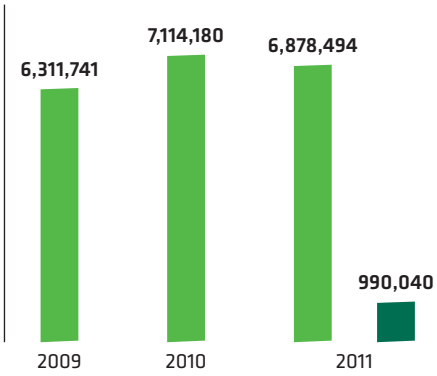
BREAKDOWN BY TYPE OF WASTE

	Prysmian			Draka
Type of non-hazardous waste	**Quantity disposed of in 2009 (kg)**	**Quantity disposed of in 2010 (kg)**	**Quantity disposed of in 2011 (kg)**	**Quantity disposed of in 2011 (kg)**
Non-hazardous packaging	201,250	193,950	208,230	336,854
Sludge from emissions treatment	282,740	309,740	338,450	-
Sludge from non-industrial waste water treatment	30,000	29,960	-	-
Sludge from industrial waste water treatment	-	-	-	-
Urban waste	72,073	68,760	71,810	2,587,445
Alkaline waste				
Other non-hazardous waste	228,740	295,050	217,557	775,872
Total	**814,803**	**897,460**	**836,047**	**3,700,171**

WATER

ENERGY CABLES

WATER CONSUMED PER TONNE PRODUCED (M^3/T PROD.)



WATER CONSUMED (M^3)

- *Prysmian*
- *Draka*

There is a clearly visible reduction in consumption, especially in the amount per unit produced, which has fallen from 7.5 to 7.1 m3 per tonne produced. The improvements leading to this result include:

- improved management of the water recirculation system, through more frequent cleaning of the intermediate water storage tanks, which has reduced the frequency of changing the recirculated water, by keeping the outlet valve closed (Italy);

- the introduction of a circuit for recovering water from the cooling tower (China);

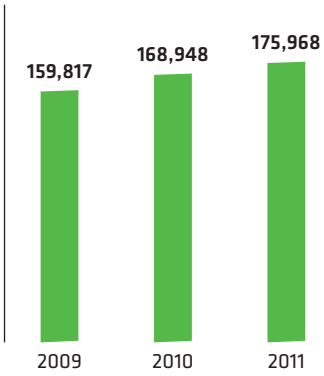
- the dismantling of a water-cooled air conditioning system and its replacement with an air-cooled air conditioning system (France);

- the installation of heat exchangers serving water tanks used in vulcanisation lines, which cool process water, reduce water consumption due to the reduced need for water replacement (Great Britain);

- the introduction of a new (previously non-existent) cooling system for process water, allowing greater reutilisation of water (Romania);

- the elimination of water leakages (Brazil).

ACCESSORIES



WATER CONSUMED (M³)

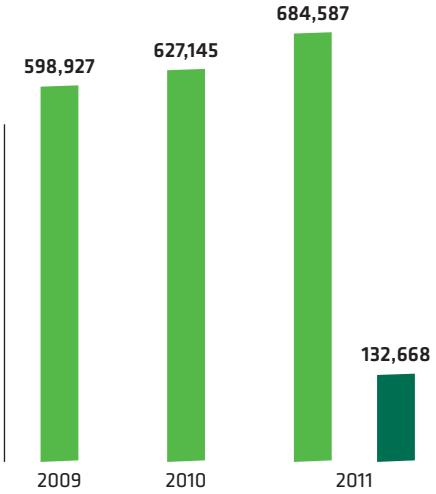
The 2011 figure is the highest of the three presented.

Corrective actions are being studied to reduce consumption at the plants with the highest consumption.

Note: Draka consumption for 2011 is included in the Energy Cables category (see methodological note no.1).

TELECOM CABLES

WATER CONSUMED PER KM PRODUCED (M³/KM PROD.)



WATER CONSUMED (M³)

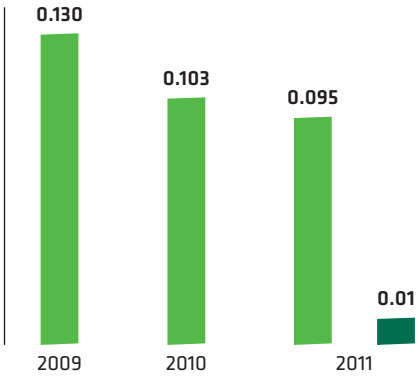
- *Prysmian*
- *Draka*

The reduction in consumption per unit produced, which nonetheless continues to fluctuate around 0.04 cubic metres per km produced, has been accompanied by an increase in absolute amounts. This increase is attributable to one particular plant where the activities in 2011 focused on products whose processing demands more intensive use of water. Other plants have instead reported decreases in water consumption, partly thanks to the adoption of improvements, amongst which:

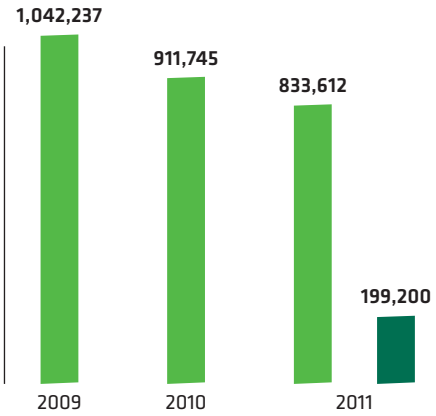
• improved inspections and maintenance of machinery that uses water (USA);

• repair of water leakages (China, UK).

OPTICAL FIBRE



WATER CONSUMED PER KM PRODUCED (M3/KM PROD.)



WATER CONSUMED (M3)

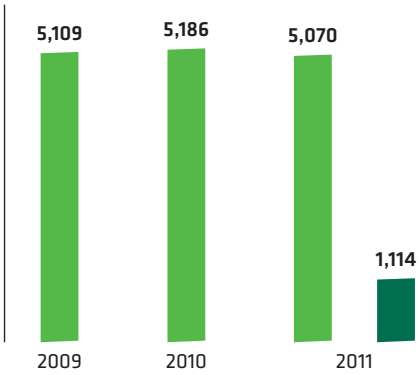
- *Prysmian*
- *Draka*

The figures for the Prysmian plants report a reduction both in absolute terms or relative to the quantity of product.

Comparison of the Prysmian plants with those of Draka shows that the latter have much lower normalised values per unit produced. This is at least partly due to the different technology platforms used to manufacture optical fibre, and consequently the nature of the related processes, as well as to the respective emissions reduction systems, which may or may not require the use of water. Work is underway to explore this issue, also with the aim of identifying possible room for improvement.

OZONE-DEPLETING SUBSTANCES [1]

ENERGY SECTOR



QUANTITY OF OZONE-DEPLETING SUBSTANCES (KG)

- *Prysmian*
- *Draka*

The graph shows a reduction of the amount of ozone-depleting refrigerant gases.

It should be noted however that the result is influenced by the different criteria with which the data were collected in 2011 compared with previous years. In fact, the latter might have accidentally included refrigerants causing no harm to the ozone layer (since data collection did not allow them to be distinguished from harmful gases, such as Freon), while the 2011 figure has been calculated by deducting from the total those gases which do not present problems for the ozone layer.

In addition, the trend has also been influenced by other factors, such as the 220 kg reduction of Freon disposed of by one of the Italian plants.

The quantity of ozone-depleting gases originating from the Draka group's plants and classified in the Energy sector, amounts to just over 1,100 kg.

TELECOM SECTOR

QUANTITY OF OZONE-DEPLETING SUBSTANCES (KG)

- *Prysmian*
- *Draka*

After the disposals made in 2010 (leading to a decrease on the previous year), in 2011 there was a slight increase of about 5% on 2010.

In addition to the reflections already made for the "Energy Sector" concerning the different methods of data collection and calculation adopted in 2011 compared with previous years, it should also be noted that changes in the quantities of gas reported by some plants are also due to improved accuracy of inventorying equipment containing such substances.

The quantity of ozone-depleting gases originating from the Draka group's plants and classified in the Telecom sector, amounts to just under 7,500 kg.

This figure is significantly higher than that of the Prysmian plants, largely due to the technological needs of two operating units. These figures will be the subject of further examination and assessment by the Prysmian Group.

[1] In the reported values, most of the ozone-depleting substances are HCFCs, in particular Freon (commonly known as R-22), with a lower depleting factor as compared to other families of cooling gases already banned by legislation, such as CFCs and Halon. The values accounted for are the total quantities of gas contained in the cooling units.

PRYSMIAN AND DRAKA 2011 NUMBERS

ENERGY CONSUMPTION 2011 (GJ)

Category	Total
Energy cables	4,165,860
Accessories	52,478
Telecom cables	779,386
Optical fibre	1,187,461

ENERGY CONSUMPTION 2011 PER UNIT PRODUCED

Category	Total
Energy cables (GJ/t prod.)	3.23
Accessories	
Telecom cables (GJ/km prod.)	0.025
Optical fibre (GJ/km prod.)	0.024

HAZARDOUS WASTE DISPOSED OF (KG)

Category	Total
Energy cables	4,888,143
Accessories	39,527
Telecom cables	1,099,910
Optical fibre	3,401,704

HAZARDOUS WASTE 2011 PER UNIT PRODUCED

Category	Total
Energy cables (kg/t prod.)	3.78
Accessories	
Telecom cables (kg/km prod.)	0.04
Optical fibre (kg/km prod.)	0.07

NON-HAZARDOUS WASTE DISPOSED OF 2011 (KG)

Category	Total
Energy cables	66,364,783
Accessories	552,948
Telecom cables	11,718,378
Optical fibre	4,536,218

NON-HAZARDOUS WASTE 2011 PER UNIT PRODUCED

Category	Total
Energy cables (kg/t prod.)	51,4
Accessories	
Telecom cables (kg/km prod.)	0.38
Optical fibre (kg/km prod.)	0.09

WATER CONSUMPTION 2011 (M^3)

Category	Total
Energy cables	7,868,534
Accessories	175,968
Telecom cables	817,255
Optical fibre	1,032,812

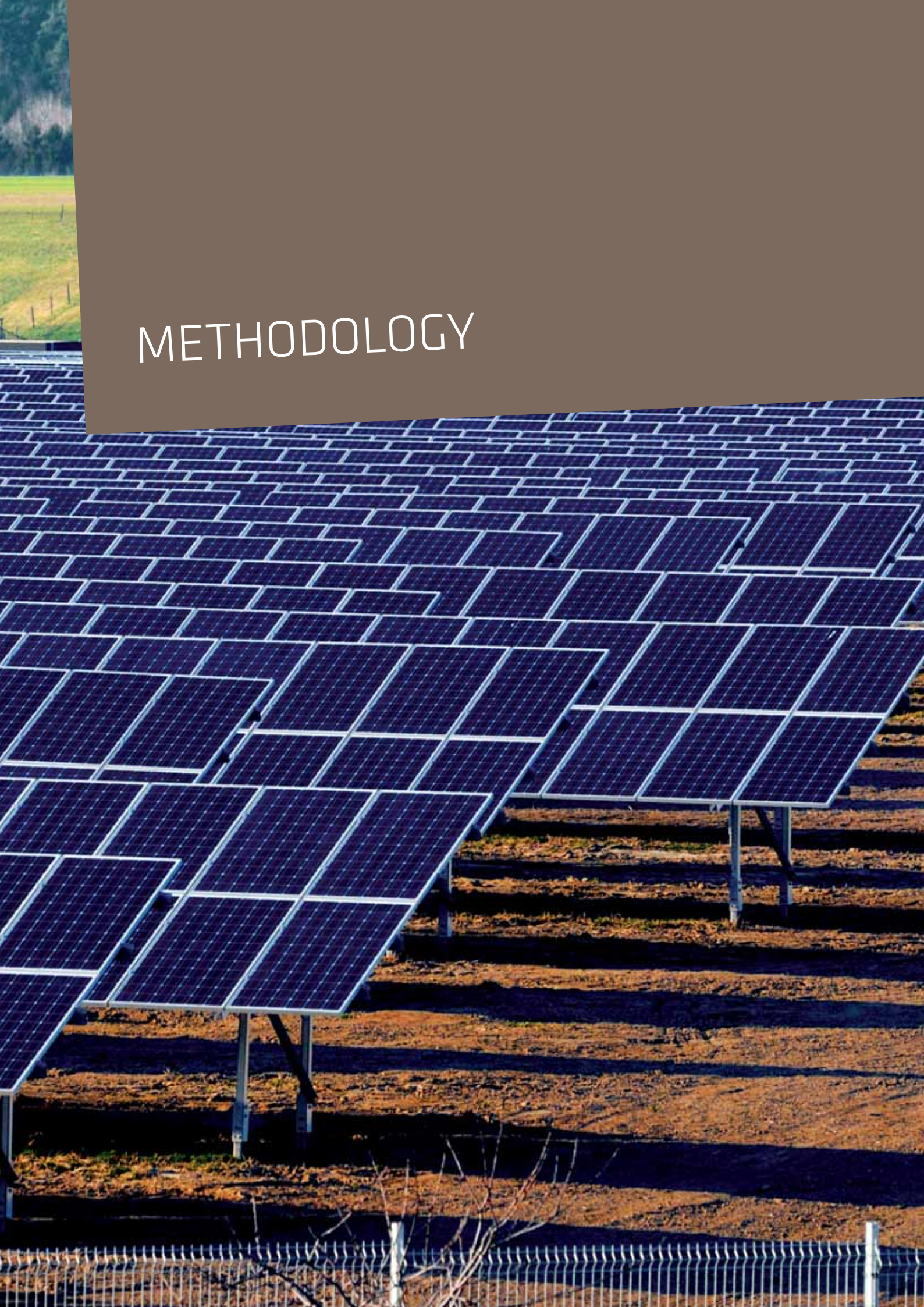
WATER CONSUMPTION 2011 PER UNIT PRODUCED

Category	Total
Energy cables (m^3/t prod.)	6.09
Accessories	
Telecom cables (m^3/km prod.)	0.03
Optical fibre (m^3/km prod.)	0.02

OZONE-DEPLETING SUBSTANCES 2011 (KG)

Category	Total
Energy	6,184
Telecom	9,672

METHODOLOGY



This Sustainability Report covers calendar year 2011 and is in its second edition.
The Sustainability Report, which is published annually, is prepared in order to meet the information needs of the Group's stakeholders, defined as "our customers and business partners, the financial market, our shareholders, institutions, the general public and anyone else having a relationship with Prysmian Group".

In 2011 the Group has strengthened its commitment to an ever clearer, more transparent and complete communication about its business, continuing the process started last year with the reporting of its economic, social and environmental performance.

The report's methodological framework is the Global Reporting Initiative's G3.1 Guidelines for sustainability reporting and the related Telecommunications Sector Supplement. The present edition is more compliant with the GRI Guidelines than the 2010 edition, both as regards its approach to reporting and content:

- in terms of approach to reporting, continued efforts have been made to identify the areas considered of greatest interest to stakeholders in the environmental, ethical and socio-economic sphere. Starting with the initiatives already taken by Prysmian in this area, the report also reflects the steps taken by Draka to comply with the GRI principle of materiality of Report contents, meaning their relevance and significance to stakeholders (analysis of CSR communication activities directed at key suppliers, interviews with customers, collecting examples of involvement with NGOs, and so on.) Looking ahead, the full integration of the two companies from 2012 will provide a single framework for the development of reporting and stakeholder engagement in this process. In fact, Prysmian Group sees the Sustainability

Report as a living, continuously evolving and improving document.

• in terms of content, the set of performance indicators recommended by GRI and used in the document has been expanded. Once again, the efforts and resources invested in uniform reporting of the Group's performance will allow it, from next year, to consolidate and expand the use of GRI indicators. With reference to 2011, the integration still in progress between Prysmian and Draka has made it necessary to adopt a series of precise methodological decisions, which are discussed in the specific sections of the Report (in particular, the section relating to HSE information).

This Report covers the entire Prysmian Group. During 2011 the Group's structure changed with respect to the previous year, as described in the body of this report. Any exclusion of some activities and/or some production units from the reporting process is disclosed in the individual sections of the report.

Environmental data has been collected using an intranet-based reporting package, compiled by each individual production unit and sent to the Corporate HSE department for consolidation and aggregation. The methodology used for collecting environmental data is discussed in more detail along with the data presented.

The present Report is available online and can also be downloaded in PDF format. The website www.prysmiangroup.com also provides a daily update on the Group's activities.

GRI CONTENT INDEX

The following table shows the table of content required by the Global Reporting Initiative (GRI) and included in the Sustainability Report, in order to provide users with a quick overview of what has been reported.
Each performance indicator has a code for the relevant area and a reference to the pages in the document where it can be found.

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(*) Partially reported indicator.

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(*) Partially reported indicator.

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PRYSMIAN

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