

## Integrated Sustainability

### *Group approach*

*Prysmian strives to find technologically advanced solutions and to develop efficient products that are both cutting-edge and sustainable, in order to meet and satisfy the expectations of customers.*

The Prysmian Group has consolidated its leadership position in the design, development, production, supply and installation of terrestrial and submarine cables and systems for the transmission of electricity, special cables for applications in various industrial segments, medium and low voltage cables for buildings and infrastructure, and cables and accessories for the transmission of voice, video and data.

Quality, an ability to innovate and high value-added solutions mark Prysmian's strategic approach in every sector, whether those in which technology is a differentiating factor or those that are more standardised, such as medium and low voltage cables.

The constant development and improvement of power and information networks are key to achieving the Group's objectives of supplying electricity efficiently and effectively, and improving the level of worldwide telecommunications. Modern, reliable, eco-sustainable and efficient electricity grids and telecommunications networks are both critical and strategic for the growth of the global economy.

Via its products, Prysmian supplies electricity and lighting to cities, enabled people to move around and communicate with each other, and contributes to the steady industrial development of the sectors in which we operate.

Prysmian products are central to the concept of sustainability. They are used in the construction of major wind and solar farms, of infrastructure that accelerates the flow of information and communications between communities throughout the world while reducing energy losses, and of terrestrial and submarine electricity links that improve the efficiency of the entire electrical power network. Our product responsibility is considered throughout the entire life cycle of each product, from design to delivery, by constantly monitoring performance against specific standards.

For this reason, the Group strives constantly to develop innovative and technologically advanced solutions that strengthen our leadership and meet the requirements of our commercial partners and end users. The Group's growth strategy is founded on our ability to innovate and, therefore, promote the improvement of the entire sector via the development of leading-edge products.

The Prysmian Group is strongly oriented towards the creation of value for all stakeholders. Daily activities principally draw inspiration from the concepts of:

- **Customer Centricity**, being the ability to foresee and satisfy customer requirements via the offer of innovative products and cabling systems on a solution-driven basis. For this reason, the Group tirelessly seeks improvement in the areas of R&D, employee development and environmental sustainability.
- **Value Creation for Shareholders**, in terms of return on investment and profitability in the short term and, above all, in the medium and long term.

## *Customer Centricity*

Over the years, the Prysmian Group has perfected its approach to the market by placing the customer at the centre of every strategic, organisational and business decision. The efforts made to analyse the expectations of customers, and how these change over time, in fact allow the Group to develop organisational and operational models that translate into rapid, efficient and targeted responses to the markets concerned.

Pivotal to this approach is our "**Customer Centricity**", being the ability to understand early and satisfy the needs of the customer. This calls for the dedication of constant attention at all stages, from product design to delivery, with performance measured against predetermined and agreed parameters.

The Prysmian Group is able to develop solutions that meet specific standards responding the precise requirements of an individual customer.

In particular, the Group is able to serve highly diverse segments and markets due to an ad hoc matrix organisational structure. This means that highly specific local markets are served by country development and commercial organisations, while markets with global products and customers are served by fully-integrated business units. Other segments requiring both a local presence and cooperation between countries benefit from the matrix structure.

Customer centricity and satisfaction underpin a strategy that is implemented via the fast, smooth organisation of the entire supply chain. This approach accelerates decisions and the time to market, while adapting to the needs of various industries and ensuring continuous investment in innovation.

"**Factory reliability**" is one way to implement customer centricity. This process improves the reliability of production planning and performance in terms of both mix and volume, with ever faster response times and stricter control over inventory levels of every type (raw materials, semi-finished items and finished products). This enables the Group to deal efficiently and effectively with fluctuating sales volumes and the consequent changes in production levels.

In addition to the "Customer Centricity and Factory Reliability" initiatives, the Prysmian Group has also launched "**Supply Chain Integration**" projects together with a number of major global customers. The objective is to improve the effectiveness and efficiency of all processes throughout the supply chain, from the producers of the raw materials and semi-finished products used in factories to the end users of our cables.

In the context of customer satisfaction, Prysmian seeks to become the partner of choice. Given this, the Group works with customers using essentially two main tools: specific surveys and one-on-one interviews.

Since 2005, the Group has commissioned specific surveys to measure the level of customer satisfaction. In the past, these surveys were carried out by a market research agency and used standardised questionnaires that were completed by telephone interviews (CATI methodology) with the managers of Prysmian's main customers (in the purchasing, logistics and technical sectors). The surveys were carried out every two years (most recently in 2014/2015) and, over the years, involved 900 customers in the Trade & Installers sector, in 15 countries. The scores ranged from 1 to 10 and the areas covered were Sales, Services, Product and Marketing.

In view of the growing digital sophistication of customers, from 2016 Prysmian decided to introduce a new system capable of conducting specific interviews and collecting the data provided via a web portal dedicated to surveys, which is administered directly by the central Customer Centricity office. Using this new and more

powerful tool, the Group expects to increase the quality of interviews, the opportunities for customer contact and, most importantly, the openness of the interactions between Prysmian and its customers. The new tool will make it possible to improve our follow-up and problem-solving capabilities, while also increasing the satisfaction of customers with their partnerships with Prysmian. In addition, this more electronic approach will make it possible for those Group divisions that have already developed a CRM tool to manage directly the interview feedback, taking specific action as necessary and monitoring developments in order to ensure that their customers receive the best treatment.

The new web interviews will commence during the first four months of 2017, principally involving customers in the T&I sector. In particular, two pilot projects will be launched (South America and Spain) and then followed during the year by the addition of other countries. The scores will range from 1 to 5, in order to simplify and accelerate the activities requested of customers. The questionnaires will cover the following areas: commercial conditions, products and services offered, customer support, brand awareness, product range, net promoter score and effort score.

In addition to these surveys, Customer Centricity has also been developed from 2015 via specific interviews with customers. The objective of the Group is to strengthen its relations with end users, holding specific interviews that are customised depending on the customer, the business unit and the geographical area concerned. This approach is managed directly from Prysmian's headquarters, thus enabling the Group to increase its commitment to each customer, regardless of the countries in which they are located. Over the years, these one-on-one interviews have given very positive results, as the persons involved have appreciated the opportunity to share their ideas and feedback directly with the Group's headquarters. The interviews cover the following areas: conditions of sale, product range, service/delivery, documentation, customer support, brand/relationship, net promoter score and effort score, as well as more specific questions. The one-on-one interviews will continue in parallel with the new web portal for the annual on-line surveys, involving the main customers in specific business and geographical areas.

Following the one-on-one interviews carried out in China and Hong Kong during 2015, in 2016 the Group selected eight major customers in the T&I and Utility Business sectors in North America. The results were positive, especially in the United States, where the overall score from a Distributor was 8.7/10, rising to 9/10 from the Utility customers. In particular, the interview with the Distributor identified as areas for improvement the price/quality ratio and variety with the product range (score of 7/10). On the other hand, the scores obtained from the Utility customers were never less than 8/10 in any area.

With regard to the interviews held in Canada, the Group obtained an overall score from one Distributor of 6.8/10, and scores of 6.5/10 and 7/10 from other Distributors. In particular, the new areas for improvement identified were the ability to track information about the various orders placed, the accessibility of the Contact Centers, the delivery process and customer support. Lastly, the results obtained from Utility customers were higher overall, reaching 7.4/10 and 8.7/10.

Based on the results of these interviews, the North American organisation decided to take specific action during 2016 and 2017. The Prysmian headquarters in Milan is providing support to North America.

**ON TIME DELIVERY**

Prysmian has confirmed our strong orientation to continuous improvement in the punctuality and reliability of our processes. As shown in the chart below, the measurement of On-Time Delivery (OTD), being the ability to serve customers by respecting the delivery date promised on confirmation of the order received, highlights further improvement by the Energy Products segment and the stability of the Telecom segment, despite a strong upturn in volume.

In addition to the improvement in on-time deliveries in absolute terms, the number of units performing below the 90% threshold decreased further in 2016, thus ensuring greater uniformity in the service provided by the Group's factories.

The projects designed to reduce time to market were completed during the year. The “Fast Order Entry” project has slashed by 90% the time taken to input and process orders by Sales Customer Care, optimising product searches and inventory availability, as well as the ability to input many order items at the same time with just one operation.

