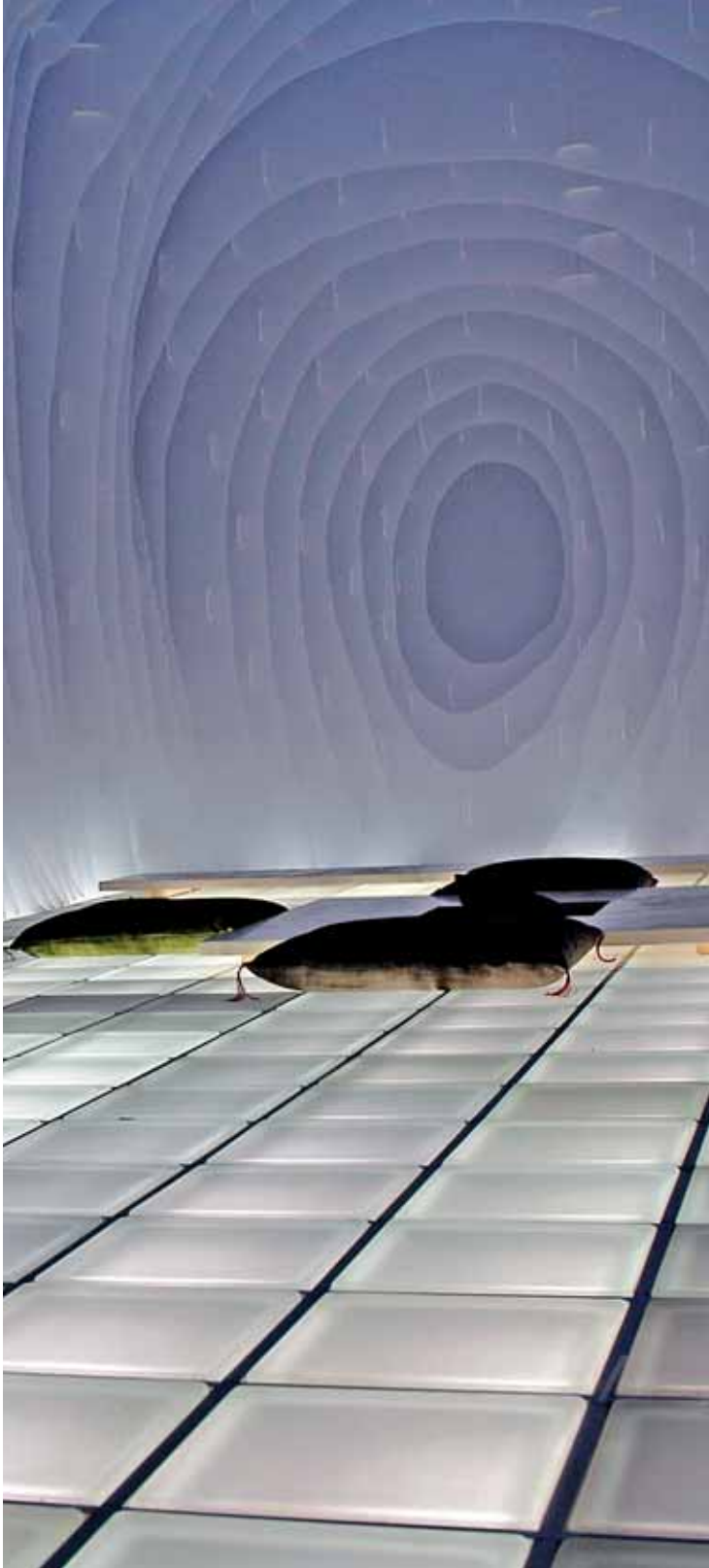


SEVES



Annual Sustainability Review

April 1 2009 - March 31 2010



Vision and Strategy

This report presents the economic, social and environmental performance of the Seves Group and gives a statement of its business values and ethics. Seves' goal is to manufacture and sell products using designs, processes, materials, employment policies and business ethics that minimize environmental impact, benefit society, reduce costs and make the company more competitive.

Our ongoing successes in 2009-10 include:

- > Installing an electrostatic filter on exhaust gases in our Czech Republic plant.

This investment led to a dramatic improvement in the quality of gas emissions out of recuperator.



Passing from 159 to 8 mg/m³ of solid dust elements. Total Value of the investment was approximately 1,500,000 euro, of which European Lawns accounted for 500,000 euro.

- > Completion of a new (organic flocculate) method for waste water treatment in our Brazilian plants.
- > A suction system for welding and tunnel kiln area has been installed in our Slovakian plant.
- > Rebuilding of the new furnace in Shanghai glass shell manufacturing with new conception for the energy saving.
- > Launch of an integrated energy saving program for all the glass insulators factories in the year 2010/2011.

- > Launch of the “rainbow project” in Elvi factory for a general environmental improvement situation.

I am delighted that our employees have embraced the concepts and goals of sustainability. We look forward to the future support of all our stakeholders in order to ensure that Seves’ sustainability efforts continue to be highly successful.

Vincenzo Giori
President and CEO
30 September 2010

Introduction

Seves has adopted a sustainability culture in order to increase its focus on its business activities both internally and externally and particularly where the environment is impacted. It is through this culture and our continued focus on people's working conditions in our own company and our suppliers' companies that Seves' responsibility to society will be fulfilled. We have used the Global Reporting Initiative (GRI) guidelines as the foundation for structuring and reporting on this work. This report is the third produced by Seves and we intend to continue to report the progress of our total group on a regular basis.



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Profile

2.1 Name of reporting organisation.

Seves S.p.A. Seves was created in 1997, following the management buy-out of Vetroarredo. Over a period of 10 years it progressively integrated Vetrerie Lodi, Vitrablok, Dielve, Sediver, Solaris, PPC Insulators and Isoladores Santana, all of them renowned worldwide for their history and leadership.

2.2 Primary products and services.

Seves is the leading manufacturer of power insulators for overhead T&D lines and substations, sole group in the world with technical & manufacturing expertise in all three types of insulating materials: toughened glass, porcelain and composite.

Seves glassblock is the leader in glass block innovation and technology, combining the unique production power of the most prestigious brands in glass block history.

The Seves Special Ceramics division specializes in developing and manufacturing precision ceramic parts and as well as customized ceramic components for sliding disc systems. Seves also produces glass light fixtures.

2.3 Operational structure.

Seves supplies high quality products and services to customers in the building, power and processing industries. It has:

- > A total composite insulators production capacity of 1,160,000 pieces per annum.
- > A total porcelain insulators production capacity of 56,000 tons per annum and glass insulators 60,000 tons per annum, providing the broadest insulator portfolio in the world.
- > A total capacity for the delivery of 44 million glass blocks in more than 120 countries.
- > More than 100 years' experience.

Seves' headquarters is in Firenze, Italy, and the company operates through the network of manufacturing plants listed on pages 6-7. It also owns an advanced testing facility in France, where electrical tests are performed. For each of its business sectors, Seves has developed commercial networks that are strategically located to provide prompt and timely assistance to all its clients.

Global Scale of the Company

2.4 Headquarters

Italy

Seves S.p.A., Via R. Giuliani, 360 - 50141 Firenze, Italy

POWER INSULATORS

OVERHEAD & TRANSMISSION LINES OFFICE

France

Sediver S.A., Nanterre Cedex

Glass

Italy

Seves S.p.A.
Nusco (AV)

Brazil

Electrovidro S.A.
São Gonçalo (RJ)

China

Shanghai Seves Glass Co., Ltd.
Pudong, Shanghai

Sediver Insulators (Shanghai)
Co., Ltd.
Pudong, Shanghai

Zigong Sediver Toughened
Glass Insulator Co., Ltd.
Zigong City, Sichuan

Composite

China

Tianjin Sediver Composite
Insulators Co., Ltd.
Xiqing District, Tianjin

Brazil

Electrovidro S.A.
São Gonçalo (RJ)

Isoladores Santana S.A.
Pedreira (SP)

Porcelain

Austria

PPC Insulators GmbH
Frauental

Brazil

Isoladores Santana S.A.
Pedreira (SP)

Slovakia

PPC Cab A.S.
Nove Sady

Sweden

Ifö Ceramics AB
Bromölla

Germany

Elektrokeramik Sonneberg GmbH
Sonneberg

Thailand

PPC Asian Insulators Co., Ltd.
Bangkok

China

PPC Wuxi insulators Co., Ltd.
Wuxi City, Jiangsu

SUBSTATIONS OFFICE

Austria

PPC Insulators Austria GmbH, Vienna, Austria

TECHNICAL ASSISTANCE AND LABORATORIES

France

Sediver S.A.,
Saint-Yorre

THT Laboratory,
Bazet





GLASS BLOCKS

Italy

Seves S.p.A.
Firenze

Brazil

Seves Glassblock Brasil S. A.
São Gonçalo (RJ)

Czech Republic

Vitrablok s.r.o.
Duchcov

LIGHTING AND SPECIAL GLASS

Italy

Seves S.p.A.
Firenze and Torino

SPECIAL CERAMIC COMPONENTS

Germany

CERA SYSTEM Verschleißschutz
GmbH
Thuringen



Profile

(continued)

2.6 Nature of ownership; legal form.
Privately held.

2.7 Nature of markets served.

Seves is the world's leading manufacturer in two niche markets:

- > Power insulators for electrical generation, transmission and distribution.
- > Glass blocks for construction and interior design.

Seves also produces glass light fixtures, glass containers for the advertising industry and technical ceramics for the automotive, chemical and pharmaceutical industries

Geographic breakdown of markets %

	2008-9	2009-10
Europe	36	35
North America	10	11
South America	19	21
Asia	21	22
Africa	14	11

2.8 Scale of Seves.

Number of people	2008-9 4210	2009-10 3760
Net Sales	2008-9 409	MEuro 2009-10 380

- > See also Economic Performance Indicators on Page 11.



Report Parameters

3.1 Reporting period.

April 1st 2009 to March 31st 2010

3.2 Recent reports.

The last report covered the period 1st April 2008 to March 31st 2009.

3.3 Reporting cycle.

Annual

3.4 Contact person.

Director Jean-Marie George
jm.george@seves.com

3.13 Policies and practices to enhance accuracy, completeness and reliability of the report.

Reports from each country and each site are checked and consolidated at group level.

Governance

4.1 Governance structure of Seves, including committees.

Seves is committed to international standards of corporate governance and in particular the Corporate Governance Code in Italy. In addition, Seves observes codes of best practice in the other countries in which it operates.

The board of directors consists of more non-executive directors than executive directors. The board reviews the audit report with the auditors and has appointed internal auditors. It has meetings of non-executive directors without executive directors being present and, in line with the Code, has clarified the role of the board, its authority and powers of delegation.

Nomination of board members is designed to represent properly the various stakeholders in the business and to ensure compliance in legal and corporate governance issues.

4.9 Board level processes for overseeing sustainability.

The board intends to review the sustainability report once a year and highlight any areas of change.

The board also reviews other companies' sustainability reports and provides independent insight into areas requiring focus.

4.10 Organisational structure for improving sustainability.

The executive responsible for sustainability reports to the executive committee and collects information from a world-wide network of appointed personnel.

4.12 Externally developed charter.

In September 2008 the board of Seves adopted the organisation model and appointed a control board according to Italian decree 231. Since the



appointment, the control board has reported to the Seves board twice, the last time in the period of this review being the November 11th, 2009.

Stakeholder Engagement

4.14 Stakeholder consultation.

Seves intends to conduct at least one consultation per year with stakeholders. The next is planned to follow the publication of this review and is intended to include shareholders, customers, suppliers and employees.

Management approach and performance indicators



Economic

Management approach Significant changes of organisation and structure

Like many other companies during the review period, Seves experienced very difficult business conditions.

The Group went through a structural reorganization including an overall headcount reduction in order to improve global efficiency.

Seves has focussed its efforts on two strategic thrusts to move the group forward. The first is to structure the company from a customer's perspective

to ensure Seves provides an interface to customers that they can benefit from. The second is to optimize its structure to ensure the business has the most cost-effective and competitive processes and products.

To ensure that the company reaches the best and most comprehensive outcome, more than 30 of the management team are involved in developing these strategic thrusts, to enable them to become key drivers of future performance.

Economic performance indicators

EC1

Customers	MEuro	
	2008-9	2009-10
Net sales	409	380

Geographic breakdown of markets	%	
	2008-9	2009-10
Europe	36	35
North America	10	11
South America	19	21
Asia	21	22
Africa	14	11

Suppliers	MEuro	
	2008-9	2009-10
Cost of all purchased supply	298	241
<i>95% of payments are to contract terms. This is due to cross-border financing and resolving invoice queries</i>		

The Company as at 31st March 2009

Assets	MEuro	
	2008-9	2009-10
Accounts receivables	89	76
Inventories	127	102
Other receivables	71	71
Net Fixed Assets	201	171

Investments in year	MEuro	
	2008-9	2009-10
Physical and intangible assets	24.4	16.7

Liabilities	MEuro	
	2008-9	2009-10
Accounts payables	70	56
Other payables	73	84



Labour Productivity	KEuro	
	2008-9	2009-10
Revenue per employee	92.7	101.0

Public Sector	KEuro	
	2008-9	2009-10
EC8 Total of taxes paid	4179	2004
EC10 Charity Donations	0	0

At many of Seves' plants, employees can donate blood to certified organisations during paid working time.

Seves does not fund political organisations and unions or organisations that represent them, nor does it sponsor congresses for political propaganda.

Environmental

Management approach

5.0 Programmes and procedures pertaining to sustainability performance.

Seves' goals are to:

- > Reduce the amount of material consumed, per specific volume of manufactured products, which is directly or indirectly extracted from the ground.
- > Reduce the amount of energy consumed per specific volume of produced products.
- > Avoid completely the use of any material that is harmful to the environment.

- > Improve health and safety and general working conditions of people within Seves through training, organisation and best practice.
- > Improve the performance of our products in order to increase their cost efficiency.
- > Minimise the waste of natural resources in all their forms, such as water, wood, paper and, particularly, waste materials to landfill sites.
- > All plants have ISO 9000 certification and three have received ISO 14000 certificates. Other plants are also pursuing ISO 14000 approval.

Environmental Performance Indicators

Materials

EN1 Material that has a known influence on the environment. Such materials are:

Organic Substances	Kgs used	
	2008-9	2009-10
PVC resin	1141	3854
Phthalats	20	-
Bromine compounds	0	-
Fungicides	35	53
Polyurethane	1400	1914
Epoxy	28760	32444
Silicones	1054440	752919
Others	189290	74736

The above changes are due to product mix

Inorganic Substances	Kgs used	
	2008-9	2009-10
Lead	291681	333957
<i>Due to production increase in the German factory</i>		
Cadmium	0	0
Mercury	0	0

Products in use containing hazardous inorganic substances

	Kgs in use	
	2008-9	2009-10
Mercury	0	0

Energy

EN3 Direct energy use GWhs

	GWhs	
	2008-9	2009-10
Oil	8	0,69
Coal	38	-
Gas	810	632
District heat	12	10,4
Electricity	180	162
2008-9	1048	
2009-10	832	

This represents a 20.6% reduction

EN6 Initiatives to use renewable energy.

Many energy suppliers do not offer renewable energy alternatives but Seves' goal is to increase its percentage use of renewable energy.

- > See also Vision and Strategy (pages 2-3) for initiatives.

Water

EN8 Water consumption.	2008-9	2009-10
Purchased	949	561
Extracted from ground	443	433
Extracted from surface	186	196
2008-9	1434	
2009-10		1191

This represents a 16.9% reduction

EN9 Effect on water sources.

Seves' production processes do not consume water; the main uses are for cooling or for processing inorganic insoluble materials that are separated before release of the water.

Biodiversity

EN11 Total amount of land owned, leased or managed for production activities.	2008-9	2009-10
Total land used	1254059	1219820
Of which occupied by buildings	464694	437400

Emissions

> See also Vision and Strategy (pages 2-3) for initiatives.

EN18 Greenhouse gasses.	2008-9	2009-10
CO2	131603	115830

This represents a 12% reduction

EN20 NOx and SO2	2008-9	2009-10
NOx (Tons)	627	250

A reduction of 60% mainly due to the temporary stop of production of Florence plant

SO2 (Tons)	304	167
------------	-----	-----

A reduction of 45%

EN21 Discharges of cooling and process water.	2008-9	2009-10
To public sewer	570235	342129
To water sources	388628	379867
Total	958863	721996

EN22 Hazardous waste sent for disposal.	2008-9	2009-10
	155	398

This represents an increase due to a more accurate data collection

EN23 Spills and other incidents.

None impacting on the environment have happened within Seves' plants during the reporting period.

EN25 Impact on water resources and related ecosystems.

No impact on locations where Seves extracts or disposes of water has been reported by Seves employees or relevant public control authorities during the period covered by the report.

EN26 Significant environmental impact of principal products and services.

Most Seves' products are made from porcelain and glass containing no materials that are released to the environment. Therefore, no environmental influence from these products has been observed. The polymeric products contain materials that have a negligible impact on the environment over time.



Compliance

EN28 Fines for non-compliance with applicable legislation.

There have been no fines for non-compliance during the reporting period.

Transportation

EN29 Environmental impact of transportation.

Material from suppliers	% of total	
	2008-9	2009-10
By road	86.0	81.0
By rail	2.9	4.3
By sea	10.7	14.3
By air	0.4	0.4

Deliveries from Seves locations	% of total	
	2008-9	2009-10
By road	57.8	74.1
By rail	1.5	0.8
By sea	35.8	23.0
By air	5.0	2.1

Traveling as % of total number of journeys

	2008-9	2009-10
By road	48.0	66.39
By air	43.9	28.58
By rail	8.1	5.03

Total number of journeys

2008-9	3032
2009-10	3791

This represents a 25% increase

Social

Health and Safety

A basic part of Seves' social policy is to maintain a safe and healthy working environment in all plants. As a result of a strong audit and training program the overall amount of lost days have been drastically reduced by 26%.

Specialists from both inside and outside Seves have a coordinated programme of visits to audit operations. They collect information using a set reporting package and, via the Direction Committee for Safety, Environment and Health, a report is made to a main board director.

Seves also re-emphasised to employees and to outside contractors the need to work according to safety standards and procedures, to take care of their

own health and safety and that of other people. This is to be achieved through training and use of safety and control equipment provided by the company.

In August 2009, the Brazilian organisation won first prize for the best HR Strategy and Results-Orientated Programme. The award was presented in front of 600 executives and HR managers from top companies in Brazil. Competing for the award were international companies, many of which are household names. The award was based on factors such as training, leadership, communication, feedback, disciplinary methods, motivation, wage structures, functional definitions, targets and community relationship programmes.

Labour Practices



LA1 Employment	2008-9	2009-10
Number of people	4210	3760
Including: Part-time workers	69	34
Agency workers	-	-

LA3 Representation by independent trade unions.	2008-9	2009-10
Percentage of employees represented by independent trade unions	42%	56%

LA4 Information, consultation and negotiation with employees.

Seves' policy is to follow all regulations relating to employees. The policy contains in addition a general responsibility for managers to consult with employees and address areas of concern.

LA7 Standard injuries, absentee rate and fatalities (incident rate as per 1000 employees).

Work-related incident rate	per 1000	
	2008-9	2009-10
Fatal	0	-
Serious injury	8.1	26,66
Total number of lost days		
2008-9		
2009-10		

The total number of lost days was reduced by 26.25%. Incident rate is increased due to the inclusion of the all non-fatal injuries within the serious injury

Commuting and business travel-related incident rate.	per 1000	
	2008-9	2009-10
Fatal	0	0
Serious injury	0.11	1.97
Total number of lost days	41	515



Human Rights

Management approach

Seves has a code of conduct with a Control Body, as per Italian legislative decree 231, which extends both inside and outside the company. Seves is committed to treating people with respect for human dignity and to being a good employer, with the development of its employees as a cornerstone of this commitment.

Seves is committed to promoting responsible behaviour in respect of health and safety. Seves' ethics within the code of conduct follow the principles of honesty, transparency, privacy, loyalty, integrity and good faith. The group management and the Seves Board are guided by the relevant United Nations recommendations for human rights.

Training and Education

LA10 Mean value of education. Hours per employee

2008-9	42.40
2009-10	33.79

Diversity and Equal Opportunity

LA11 Composition of senior management. Women in the top three highest levels of management. %

	2008-9	2009-10
Europe	7.0	9.17
North America	0	0
South America	4.0	0.3
Asia	14.0	8.13

HR4 Non-discrimination.

The policy of Seves is to eliminate completely any type of discrimination within the Group. In countries where Seves has employees discrimination is illegal. In all cases the company's policy is to follow the country's law and at the same time maintain the group culture that discrimination in any form is never acceptable. The evaluation and recruitment of personnel is based on whether their profiles correspond to the company's needs. In compliance with equal opportunities, selection is based upon skills and capabilities. Any information requested will respect the candidate's private life and opinions.

HR5 Freedom of association and collective bargaining.

Seves respects the wishes of employees to form and join any labour union of their choice.

HR6 Child Labour.

Using child labour is illegal in the countries where

Seves has employees. In all cases the company's policy is to follow the law and at the same time maintain the group culture of good employment practice.

Age demographics of young employees as of:

	March 31 2008-9	March 31 2009-10
Employees below age of 20	47	22
Employees below age of 18	3	4
Employees below age of 16	0	0

HR7 Forced and compulsory labour.

In the countries where Seves operates, the legal system completely prevents forced labour. During 2010 we plan to incorporate this as one of our selection criteria when investigating potential suppliers.



Society

S01 Community.

Seves enjoys close cooperation with the communities at locations where we are active. Such cooperation includes finding optimum solutions for both Seves and local communities regarding the operation of production units. Seves also contributes to the positive development of societies by supporting specific activities. Such contributions include supporting sport, education and cultural activities.

Seves also supports societies affected by natural disasters in countries where our products are manufactured.

S02 Bribery and corruption.

Seves believes in international competition,

which makes the company sharper, leaner and more attractive as supplier of choice to our customers. Within Seves' code of conduct, situations which might cause a conflict of interest must be avoided.

Many Seves subsidiaries hold anti-trust seminars, in particular for some 30 key personnel in the USA and Europe during the past five years. This education is aimed at continuing to ensure that our people comply fully with our guiding principles.

S07/8 Legal Actions.

There have been no legal actions against Seves for non-competitive behaviour, and no fines.

Product Responsibility



PR1 Customer Health and Safety.

Seves' products have a positive impact on society through improved health care, standards of living, and safety. These effects arise overall from the fact that Seves' primary products supply two niche markets: power insulators for electrical generation, transmission and distribution, and glass blocks for construction and interior design.

Receivers of electrical energy include the following:

- > Hospitals, where a stable and safe supply of electricity improves the level of health in society
- > Private homes, where a stable and safe supply of electricity improves life in the home
- > Outside areas, where lighting improves safety by reducing traffic accidents and criminality.
- > In addition, the electrical supply to industry is fundamental to the economic development of society.

As a result of intensive research and development, Seves provides products which are highly reliable and, therefore, reduce the risk to public safety by increasing the potential for a stable

electrical supply to factories, homes, roads, hospitals, public institutions and transportation.

PR2 Products and services.

Identification markings placed on each product make it possible to identify every step used in the manufacturing process for each specific product or batch. The identification is made by markings either of a clearly different colour to the basic material of the product or by a cast or moulded identification.

On ceramic Insulators, such labelling is formed at a temperature above 1000C and behaves as an inherent part of the product, with a lifetime at least as long as the decoration of old Chinese porcelain, that is, well over 1,000 years.

On glass products, it is either stamped or moulded into the molten glass. Composite insulators have numbers moulded into their metal ends. When the insulators are finished, identification is engraved on the fittings.

No other information is supplied because Seves' finished products have negligible influence on the environment.



Photography:

- Page 2 Seves Glassblock, Oribe Tea House, © Seves
- Page 5 (left) Sediver toughened glass insulators for 800kV HVDC T/L, 2008 Yunnan - Guangdong, China, © Sediver
- Page 5 (centre) PPC porcelain post insulators 800kV HVDC Substation Xiangjiaba-Shanghai, China, by Courtesy of Areva
- Page 5 (right) Seves Glassblock, Home & Interior - bathroom, picture by © Carlo Lavatori
- Page 6 Sediver toughened glass insulators for 345kV T/L, 2007, Canada, © Sediver
- Page 7 Nusco, Italy, Sediver toughened glass insulators manufacturing plant, © Seves
- Page 9 Sediver toughened glass insulators for 380 kV T/L, 2008, Florence, Italy, Foster & Partners Design, picture by © Fotocronache Germogli
- Page 11 Sediver toughened glass insulators for 220kV T/L, 1998, Norway, © Sediver
- Page 14 Seves Glassblock, The Reception Centre of "Updown Court" - Taichung - Taiwan, © Seves
- Page 18 Seves Glassblock, Hermès Palace Tokyo Picture by Michel Denancé
- Page 20 Sediver composite insulators for 400 kV T/L, 1999, Namibia, © Sediver

Printed using biodegradable inks on paper derived from 100% recycled and sustainable sources



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