

# REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

In compliance with Article 123-*bis* of the TUF  
(Traditional governance and control model)

Issuer: PRYSMIAN S.p.A.  
Website: [www.prysmiangroup.com](http://www.prysmiangroup.com)

Report for Financial Year 2018  
Report approved on 5 March 2019

**Prysmian**  
Group

# CONTENTS

<b>CONTENTS</b>	<b>2</b>
<b>GLOSSARY</b>	<b>4</b>
<b>1. ISSUER PROFILE</b>	<b>5</b>
<b>2. OWNERSHIP STRUCTURE</b>	<b>6</b>
A) SHARE CAPITAL STRUCTURE.	6
B) RESTRICTIONS ON THE TRANSFER OF SECURITIES.	6
C) SIGNIFICANT HOLDINGS IN THE SHARE CAPITAL.	6
D) SECURITIES WITH SPECIAL RIGHTS.	6
E) EMPLOYEE SHARE OWNERSHIP: MECHANISM FOR EXERCISING VOTING RIGHTS.	7
F) RESTRICTIONS ON VOTING RIGHTS.	7
G) SHAREHOLDER AGREEMENT.	7
H) CHANGE OF CONTROL CLAUSES AND BY-LAWS PROVISIONS CONCERNING PUBLIC TENDER OFFERS.	7
I) DELEGATION OF POWER TO INCREASE SHARE CAPITAL AND AUTHORISATIONS TO PURCHASE OWN SHARES.	7
L) DIRECTION AND COORDINATION (PURSUANT TO ARTICLE 2497 ET SEQ. OF THE CIVIL CODE)	8
<b>3. COMPLIANCE</b>	<b>8</b>
<b>4. BOARD OF DIRECTORS</b>	<b>8</b>
4.1. APPOINTMENT AND REPLACEMENT	8
PLAN FOR THE SUCCESSION	10
4.2. COMPOSITION	11
DIRECTORS' PERSONAL AND PROFESSIONAL CHARACTERISTICS	12
DIVERSITY CRITERIA AND POLICY	17
MAXIMUM NUMBER OF APPOINTMENTS IN OTHER COMPANIES	18
INDUCTION PROGRAMME	18
4.3. ROLE OF THE BOARD OF DIRECTORS	19
SELF-ASSESSMENT	21
4.4. EXECUTIVE BODIES	22
CHIEF EXECUTIVE OFFICER - CEO	22
CHIEF FINANCIAL OFFICER	22
CHAIRMAN	24
REPORTING TO THE BOARD OF DIRECTORS	24

4.5.	OTHER EXECUTIVE DIRECTORS	25
4.6.	INDEPENDENT DIRECTORS	25
4.7.	LEAD INDEPENDENT DIRECTOR	26
5.	PROCESSING CORPORATE INFORMATION	27
6.	BOARD COMMITTEES	28
7.	REMUNERATION, NOMINATION AND SUSTAINABILITY COMMITTEE	28
8.	REMUNERATION OF DIRECTORS	31
9.	CONTROL AND RISKS COMMITTEE	32
10.	INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	34
10.1.	DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	37
10.2.	HEAD OF AUDIT & COMPLIANCE DEPARTMENT	37
10.3.	ORGANISATIONAL MODEL	38
10.4.	INDEPENDENT AUDITORS	39
10.5.	MANAGER RESPONSIBLE FOR PREPARING CORPORATE ACCOUNTING DOCUMENTS	40
10.6.	COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	41
11.	DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS	41
12.	APPOINTMENT OF STATUTORY AUDITORS	42
13.	COMPOSITION AND FUNCTIONS OF THE BOARD OF STATUTORY AUDITORS	43
	DIVERSITY CRITERIA AND POLICY	45
14.	INVESTOR RELATIONS	47
15.	SHAREHOLDERS' MEETINGS	47
16.	OTHER CORPORATE GOVERNANCE PRACTICES	48
17.	CHANGES SINCE YEAR END	49
18.	CONSIDERATIONS ON THE LETTER OF 21 DECEMBER 2018 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE	49
	TABLE	50
	ANNEX	53

# GLOSSARY

**Board of Directors/Board:** the Prysmian S.p.A. Board of Directors.

**By-laws:** the By-laws of Prysmian S.p.A., version updated on 27 July 2018, available on the company website [www.prysmiangroup.com](http://www.prysmiangroup.com) in the *investors/corporate-governance* section.

**Civil Code /C.C.:** Italian Civil Code.

**Company or Prysmian:** Prysmian S.p.A. Company, with registered offices in Milan, via Chiese 6, tax code, VAT no. and Companies Register of the Milan, Monza Brianza and Lodi Chamber of Commerce no. 04866320965.

**CONSOB Issuer Regulation:** issuer regulations set out by CONSOB [Italian National Commission for Listed Companies and Stock Exchange] with Resolution 11971 of 14 May 1999, as amended.

**Consolidated Law on Finance/TUF:** Legislative Decree 58 of 24 February 1998, (as subsequently amended).

**Financial Year:** the financial year of this Report.

**Group/Prysmian Group:** the Prysmian S.p.A. Company and the companies under its direct and indirect control.

**Remuneration Report:** report as set out in Article 123-ter of the TUF, drawn up pursuant to Article 84-quater of the CONSOB Issuer Regulation, available on the company website at [www.prysmiangroup.com](http://www.prysmiangroup.com) in the *investors/corporate-governance/remuneration-policy* section.

**Report:** the report on Corporate Governance and ownership structure as set out in Article 123-bis of the TUF.

**Shareholders' Meeting:** General Meeting of the Shareholders of Prysmian S.p.A..

**The Code/Self-Regulation Code:** the Self-Regulation Code for listed companies - most recently amended in July 2018 - approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. [Italian Stock Exchange], ABI [Italian Banking Association], ANIA [National Association of Insurance Companies], Assogestioni [Italian Association of Asset Management Companies], Assonime [Association of Italian Joint Stock Companies] and Confindustria [General Confederation of Italian Industry].

# 1. ISSUER PROFILE

Prysmian S.p.A., the holding company heading one of the world's top cable industry groups, is active in the design, development, manufacture, supply and installation of a wide range of cables for many different applications in the power, and telecommunications industries.

The Prysmian Group, with offices in 50 countries, 112 manufacturing plants and some 29,000 employees, is well positioned in high-tech markets by offering an extensive range of products, services, technology and know-how. In the energy sector, the Group operates in the business of underground & submarine cables and systems for power transmission and distribution, including special cables for applications in various industrial sectors, and medium & low voltage cables for construction and infrastructure. For the telecommunications sector, the Group manufactures cables & accessories for voice, video and data transmission, with a full range of optical fibre, optical & copper cables, and connectivity systems. Since 3 May 2007, Prysmian securities have been listed in the Blue Chip segment of the electronically traded equities market (MTA) managed by the Italian Stock Exchange. In September 2007, the securities were admitted to the FTSE/MIB index.

Since March 2010, following the former majority shareholder's sale of its interest in the Company, the Company assumed a genuine public company structure, characterised by a broad and diversified shareholder base. In 2011, Prysmian concluded a public purchase and exchange offer for all the ordinary shares in Draka Holding N.V., a Dutch company heading a large group of companies operating worldwide mainly in the development, manufacture and sale of power and telecom cables and systems. During the Financial Year Prysmian finalised the purchased 100% of the shares in the US company General Cable Corporation. This company heads a group formed by numerous companies which are active worldwide and mainly engaged in the development, production and sale of cables & systems for

the energy & telecommunications sector.

The Company's Corporate Governance structure has been drawn from the recommendations and standards found in the "Self-Regulation Code", by which the Company abides. The rules of Corporate Governance are a direct expression of the standards and procedures that the Company has adopted and undertakes to comply with to ensure effectiveness and transparency in all transactions.

The Company has adopted a traditional administration and control model characterised by a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors. This 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 careful 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 that govern and regulate the performance of all the Company's organisational and operational bodies.

The Board of Directors has the broadest possible powers of ordinary and extraordinary administration, except for those, which by law are the exclusive prerogative of the Shareholders' Meeting. The Board of Statutory Auditors oversees compliance with the law, the articles of association and the standards of good management in the performance of company activities whilst also monitoring the adequacy of the Company's organisational structure, internal control, administrative and accounting systems.

The independent audit of the accounts is entrusted to a specialist firm registered at the Register of Auditors held by the Ministry of Economy and Finance and appointed by the Shareholders' Meeting.

## 2. OWNERSHIP STRUCTURE

(pursuant to Article 123-bis TUF) as at 31/12/2018

### a) Share capital structure.

(pursuant to Article 123-bis, paragraph 1 letter a), TUF)

Prysmian's subscribed and paid up share capital at 31 December 2018 came to Euro 26,814,424.60 divided into 268,144,246 shares, with a par value of Euro 0.10 each. The shares cannot be split, may be freely transferred and each carries the right to one vote. Shareholders may exercise their ownership rights as provided for by the laws in force. During the Financial Year, 50,661,492 new ordinary shares were issued at a par value of Euro 0.10 each, as a result of the following transactions:

- 12,677,769 shares were issued and assigned to holders of bonds convertible into Company shares, deriving from the convertible bond issue named "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018" which was admitted to trade on the "Third Market" (MTF), a non-regulated market of the Vienna Stock Exchange. The bonds matured on 8 March 2018. The shares were issued once the requests for conversion had been received;
- 5,331,409 shares were issued and allotted free of charge to employees participating in Prysmian Group's long-term incentive plan for the 2015-2017 period. This was approved at the Shareholders' Meeting of 16 April 2015, once the established minimum performance targets were achieved;
- 32,652,314 shares were issued in the context of an increase in paid-up capital, with a corresponding value of Euro 499,906,927.34. Of this amount, Euro 496,641,695.94 related to share premiums, and the shares were offered as options to shareholders and convertible bond holders.

On 12 January 2017, the Board of Directors resolved to place the Equity linked bond issue named "Prysmian S.p.A. Euro 500 million Zero Coupon Equity Linked Bonds due 2022" maturing on 17 January 2022 and reserved for institutional investors. The corresponding placement occurred on 12 January 2017, with the bond settlement taking place on 17 January 2017. Subsequently, on 12 April 2017, the Shareholders' Meeting resolved:

- the convertibility of this bond issue;
- the proposal to increase the share capital in cash, payable upfront and in tranches (with option rights excluded), for a maximum nominal amount of Euro 1,457,942.70. The share capital will be released in one or

more issues to a maximum of 14,579,427 ordinary shares of the Company. The shares being issued will have the same characteristics as the outstanding ordinary shares, and will be exclusively and irrevocably reserved for servicing the bond issue conversion.

The bond conversion price is Euro 34.2949. On 30 May 2017, the bond issue was admitted to trade on the "Third Market" (MTF) of the Vienna Stock Exchange.

On 12 April 2018, the Company's Shareholders' Meeting approved a long-term sharebased incentive plan for the 2018-2020 period, payable to certain employees of the Prysmian Group. If the minimum performance targets established in this incentive plan are achieved, it is expected that a maximum of 7,562,819 new ordinary shares will be issued, to be allotted to plan beneficiaries free of charge. This will increase share capital by a maximum amount of Euro 756,281.90, and will be drawn from the "Reserve for Shares issued in accordance with Civil Code Article 2349".

### b) Restrictions on the transfer of securities.

(pursuant to Article 123-bis, paragraph 1 letter b), TUF)

There are no restrictions on the transfer of securities.

### c) Significant holdings in the share capital.

(pursuant to Article 123-bis, paragraph 1 letter c), TUF)

Details of significant holdings in Prysmian's share capital (defined as shareholdings greater than 3% of share capital) can be found in Table 1, annexed to this Report.

This information is based on the contents of the Company's Register of Shareholders and declarations received from shareholders pursuant to Article 120 of the TUF, as at 31 December 2018.

### d) Securities with special rights.

(pursuant to Article 123-bis, paragraph 1 letter d), TUF)

No securities have been issued that grant special rights of control.

The By-laws do not provide for shares with multiple voting rights or increased voting rights.

### **e) Employee share ownership: mechanism for exercising voting rights.**

*(pursuant to Article 123-bis, paragraph 1 letter e), TUF)*

There are no mechanisms for exercising voting rights in the event of employee shareholding, when voting rights are not directly exercised by those employees.

### **f) Restrictions on voting rights.**

*(pursuant to Article 123-bis, paragraph 1 letter f), TUF)*

There are no restrictions on voting rights.

### **g) Shareholder agreement.**

*(pursuant to Article 123-bis, paragraph 1 letter g), TUF)*

No agreements as defined by Article 122 of the TUF are known to the Company.

### **h) Change of control clauses and By-laws provisions concerning public tender offers.**

*(pursuant to Articles 123-bis, paragraph 1 letter h), 104, paragraph 1-ter, and 104-bis, paragraph 1, TUF)*

As concerns, significant agreements as set out in Article 123-bis, paragraph 1 letter h) TUF, note the following.

Prysmian S.p.A. and the companies under its direct and indirect control are not a part of any significant agreements, which, automatically, come into force, are amended or are terminated in the event of a change of control of the company. In this respect, it should be pointed out that Prysmian S.p.A. is characterised by a broad and diversified shareholding structure that owns its share capital, thereby giving it the structure of a public company. Therefore, the Company is not subject to either the control, direction or coordination of other subjects, as better detailed in paragraph 2.1.

Nevertheless, it should also be noted that some agreements, mainly financial and commercial ones, which take on significance at Group level, govern the possibility of a change in control of Prysmian S.p.A., generally providing for the option of the counterparties to amend or terminate the agreement upon the occurrence of said circumstance.

The By-laws contain no provisions that:

- waive the provisions of the passivity rule provided for by Article 104, paragraphs 1 and 2 of the TUF;
- provide for application of the neutralisation rules provided for by Article 104-bis, paragraphs 2 and 3 of the TUF.

### **i) Delegation of power to increase share capital and authorisations to purchase own shares.**

*(pursuant to Article 123-bis, paragraph 1 letter m), TUF)*

The Shareholders' Meeting has not resolved to delegate to the Board of Directors the power to increase share capital pursuant to Article 2443 of the Civil Code, nor is it foreseen that the Board will be authorised to issue participating financial instruments.

On 12 April 2018, the Shareholders' Meeting authorised the Board of Directors to adopt purchase and placement plans for treasury shares, to be enacted one or more times, for a maximum number of shares possessed that shall not exceed, at any given time, the number of shares required to make up 10% of the share capital, also considering the treasury shares already held. The adoption of any plans was entrusted to the Board for a maximum period of 18 months from the date of the aforementioned resolution, that is, up to 12 October 2019.

During the Financial Year, the Board decided not to launch any share buy-back programme. This was done on the basis of authorisation issued at the shareholders' meeting of 12 April 2017, which was subsequently replaced by the previously mentioned authorisation of 12 April 2018.

During the Financial Year, the number of treasury shares held by the Company decreased due to the effects of the following transactions:

- 119,667 treasury shares were assigned to Prysmian Group employees who chose to participate in the discounted share purchase plan launched by the Group in 2013 (YES Plan);
- 1,278,001 treasury shares were issued and allotted free of charge to employees participating in Prysmian Group's long-term share-based incentive plan for the 2015-2017 period, approved by the Shareholders' Meeting of 16 April 2015, once the established minimum performance targets were achieved.

For more details on the features of these plans, please see the Prysmian Group Consolidated Financial Statements ("Incentive Plan" paragraph in the Report on Operations) and related explanatory documentation prepared pursuant to CONSOB Issuer Regulation article 84-bis, and the Remuneration Report, a copy of which is available on the Company's website [www.prysmiangroup.com](http://www.prysmiangroup.com) under the section *investors/corporate-governance/remuneration-policy*.

Taking into account the transactions undertaken on the Company's treasury shares, as at 31 December 2018, the Company directly and indirectly held 5,097,213 treasury shares.

### l) Direction and coordination (pursuant to Article 2497 et seq. of the Civil Code)

The Company heads the Prysmian Group and performs direction and coordination activities for its direct or indirect subsidiaries pursuant to Article 2497 of the Civil Code.

The Company, not subject to the control, direction or coordination of other entities, is independent in the choices that determine the:

- (i) drafting of industrial, strategic and financial plans or budgets for the Group,
- (ii) issue of guidelines on financial and credit policy,
- (iii) centralisation of functions such as treasury, administration, finance and control,
- (iv) establishment of Group growth strategies and its strategic and market positioning as well as for the individual companies, especially when these policies might influence and determine actual implementation by Company management.

This situation is further confirmed by the fact that the Company has been structured as a public company since

March 2010, which, among other things, has led to the absence of a reference shareholder.

\*\*\*

It should be noted that:

- the information required by Article 123-*bis*, paragraph 1, letter i) (*"agreements between companies and directors... which envisage indemnities in the event of resignation or dismissal without just cause, or if their employment contract should terminate as the result of a takeover bid."*) is to be found in the Remuneration Report and briefly summarised in Section 8 of this Report on the remuneration of directors;
- the information required by Article 123-*bis*, paragraph 1, letter l) (*"rules applying to the appointment and replacement of directors ... and to amendments to the By-laws, if different from those applied as a supplementary measure"*) is illustrated in section 4.1 of this Report on the Board of Directors).

## 3. COMPLIANCE

(pursuant to Article 123-*bis*, paragraph 2 letter a), TUF)

The Company's Corporate Governance structure has been drawn from the recommendations and standards found in the Self-Regulation Code, by which the Company abides, approved by the Corporate Governance Committee in March 2006, which was then amended in March 2010 and further updated in December 2011, July 2014, July 2015 and July 2018. The foregoing Self-Regulation Code may be accessed by the public on the Corporate Governance Committee website at:

<http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>

As at 31 December 2018, Prysmian directly and indirectly controlled 185 companies with registered offices in Italy and other countries. No provision of law applying to Group companies registered in states other than Italy has any influence on Prysmian's Corporate Governance structure.

## 4. BOARD OF DIRECTORS

### 4.1. APPOINTMENT AND REPLACEMENT

(pursuant to Article 123-*bis*, paragraph 1 letter l), TUF)

Pursuant to the By-laws, the Company is managed by a Board of Directors comprised of between 7 and 13 members, who hold office for a period of no more than three financial years and are eligible for re-election. The members of the Board of Directors must meet the requirements for professionalism, integrity and independence set out by applicable law. To this

end, it should be noted that the By-laws do not contain any additional provisions on the requirements necessary for the appointment of Directors.

Nonetheless, the Company does have a policy on the composition of the Board of Directors, a copy of which is available on the company website [www.prysmiangroup](http://www.prysmiangroup).

com under the section *investors/shareholders-information/shareholders-meeting*. This policy provides guidelines and recommendations on features required of Company Directors. For further details please refer to section 4.1 of the Report.

As prescribed by the TUF, at least one of the Directors – or two if the Board of Directors has more than seven members – must meet the independence requirements applying to Statutory Auditors under Article 148, paragraph 3, TUF.

The Directors' term in office shall expire on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term.

In compliance with the provisions of the TUF, the Company has adopted a slate voting system for the appointment of Directors, in order to allow, where possible, the election of Directors by minority shareholders. The appointment of the Board of Directors takes place on the basis of slates that can be submitted 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 the share capital eligible to vote at the ordinary Shareholders' Meeting, or such lower percentage established by law or regulation. In compliance with CONSOB Resolution no.13 of 24 January 2019, the minimum shareholding requirement for submitting the candidate slates for 2018 is 1%.

The candidate slates must be filed at the Company's registered offices at least twenty-five days before the date set for the Shareholders' Meeting. Together with each slate, within the aforementioned term, declarations by individual candidates accepting their candidacy must be filed, including any indications of their candidacy as Independent Director, and their curriculum vitae.

The slate voting system shall not apply if it is necessary to replace Directors who have ceased to hold office during their mandate.

The procedures for submitting slates, holding elections, voting and replacing directors who ceased to hold office during their mandate are in the By-laws.

Below is an extract from Article 14 of the By-laws concerning the methods for preparing and filing slates of candidates for the appointment of the Board of Directors members.

*"... The Board of Directors shall be appointed, in compliance with currently applicable regulations in relation to the balance of genders, on the basis of slates presented in accordance with the following paragraphs. The candidates in the slate must be listed with a progressive number.*

*The outgoing Board of Directors is entitled to present slate as well as those shareholders who, alone or together with other shareholders, represent a total of at least 2% (two per cent) of the ordinary share capital with voting right at the ordinary Shareholders' Meeting, or representing a lower percentage where required by an applicable law or regulation in force. The ownership of numbers of shares necessary to present the slate*

*has to be proven on the terms and in the manners set out by Law provisions. Each shareholder or shareholders belonging to the same group or who are connected, even indirectly, cannot – not even through an intermediary or trustee – present or contribute to the presentation of more than one slate. Each candidate may appear on only one slate, on pain of ineligibility. No candidate who is not in possession of the requirements set out in applicable laws may be included on the slate. The first and the second candidate on each slate must fulfil the independence requirements set out in applicable laws.*

*Slates which present a number of candidates equal to, or greater than, three must be composed of candidates belonging to both genders so that the less represented gender is at least one third (rounded upwards) of the candidates.*

*The slate of the Board of Directors, if presented, must be filed with the Company's registered office within the thirtieth day before the date set for the Shareholders' Meeting and formally published in accordance with the terms of the following paragraph.*

*Without prejudice to the above, the slates must be filed with the Company's registered office and published in accordance with prevailing law. Together with each slate, within the above deadline, each candidate must file a declaration confirming his/her candidacy and certifying, under his/her own liability, that there are no reasons why he/she is ineligible or incompatible for the position and that he/she meets the requirements set out in applicable laws and this By-laws. Together with the declarations, each candidate shall file a curriculum vitae describing his personal and professional characteristics, indicating his possible candidacy as an independent Director. Each person with voting rights may only vote for one slate. Any lists which do not comply with the aforementioned requirements shall be deemed not to have been presented..."*

Below is an extract from Article 14 of the By-laws concerning the appointment of the Board of Directors through slate voting and the takeover mechanism to ensure that the composition of the Board complies with the currently applicable regulations on balance of genders.

*"...For the election of the Board of Directors, the following procedure shall be observed: (a) five-sixths of the Directors to be elected shall be chosen from the slate that obtains the majority of the votes cast, in the order in which they are listed on the slate; in the event of a fractional number, it shall be rounded down to the nearest whole number; (b) the remaining Directors shall be taken from the other slates; for this purpose the votes obtained by the slates shall successively be divided by one, two, three and four according to the number of Directors to be chosen. The quotients thus obtained shall be assigned to the candidates on each slate in the order specified thereon. The quotients given to each candidate on the various slates will be given in a single decreasing ranking. Those who have obtained the highest quotients shall be elected. If more than one candidate have obtained the same quotient, the candidate*

from the slate that has not yet elected any Directors or that has elected the smallest number of Directors, shall be elected. All this is on the understanding that at least one director shall be taken from a slate, if presented and voted, presented by shareholders who are not connected, either directly or indirectly, with those who presented or voted for the slate that obtained the majority of votes cast.

If none of such slates has yet elected a Director or each of them have elected the same number of Directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes shall be elected.

In addition, if the election of the candidates by the means described above does not ensure a composition of the Board of Directors which complies with the currently applicable regulations concerning the balance of genders, the candidate of the most represented gender, who is elected last in progressive order within the slate that received the highest number of votes, will be replaced by the first candidate of the less represented gender, who is not elected from the same slate, according to the progressive order. This replacement process will be implemented until the composition of the Board of Directors complies with the currently applicable regulations concerning the balance of genders. Finally, if this procedure does not provide the result specified above, the replacement will be implemented by means of a resolution approved by a simple majority of the Meeting, following the submission of candidates belonging to the less represented gender...".

Below is an extract from Article 14 of the By-laws describing cases where the foregoing slate voting system for appointing Directors does not apply.

"... If a single slate is presented, if no slate is presented or if the Board of Directors is not being elected in its entirety, the Shareholders' Meeting shall vote with the legal quorum required by applicable laws, in compliance with currently applicable regulations in relation to the balance of genders...  
... In case of any vacancy in the Board of Directors during the fiscal year, for any cause or reason, the Board of Directors shall proceed according to Art. 2386 of the Italian Civil Code. If one or more of the Directors no longer in office were taken from a slate which also contained the names of unelected candidates, the Board of Directors shall replace them by appointing, according to the progressive order, individuals from the slate of the outgoing Director, provided that such individuals are still eligible and willing to accept the office, and provided that (i) at least one of the members of the new Board of Directors – or two if it is composed by more than seven members – must fulfil the independence requirements provided under applicable law and (ii) compliance with currently applicable regulations pertaining to the balance of genders is ensured. If the majority

of Directors appointed by the Shareholders' Meeting resign or fall from office for other reasons, the entire Board of Directors shall be deemed to have resigned. Such resignation is effective when the Board of Directors is reconstituted by persons appointed by the Shareholders' Meeting, which must urgently be called by the remaining Directors..."

\*\*\*

Prismian is not subject to additional regulations (including any industry standards) as concerns the composition of the Board of Directors, representation of minority interests or number and characteristics of directors, apart from the regulations provided for by the TUF.

\*\*\*

### Plan for the succession

During the 2012 financial year, the Board of Directors approved the adoption of a plan for the succession of executive directors. To this end, the Remuneration, Nomination and Sustainability Committee was appointed to initiate and coordinate, in cooperation with the relevant Company departments, the related preliminary activity, submitting to the Board a proposal to be examined. After completing its work, the Remuneration, Nomination and Sustainability Committee submitted a draft succession plan to the Board of Directors. This plan was conceived as a tool to foster generational change in the Company and to manage the departure from office of executive directors and top management as smoothly as possible and so as to limit any adverse effects of management changes.

The implementation process of the succession plan examined by the Board of Directors initially involved identifying which company officers and functions fell within its scope. As an outcome to this process, in addition to executive directors, also key managers and, at the Remuneration, Nomination and Sustainability Committee's recommendation, other management positions deemed of particular importance were identified as significant positions.

In order to define the criteria for identifying possible candidates to succeed to such positions, the Remuneration, Nomination and Sustainability Committee, with the assistance of an external consultant, then initiated a series of interviews with the individuals currently holding the offices involved and with a group of potential internal candidates for succession.

According to the succession plan, specific performance evaluation and leadership programmes shall be set out to develop and prepare internal candidates for succession. These programmes also evaluate international on-the-job and assignment rotations directed towards expanding the

skillset of identified candidates, taking into account their long-term potential.

In 2015, the Prysmian Group has decided to adopt a talent evaluation process and subsequent drawing up of succession plans called "P4" (Prysmian People Performance Potential).

The new process, defined in collaboration with the consulting firm Mercer, has as main objectives:

- strengthen, improve and disseminate the methodology tested in the Prysmian Group in 2012;
- align the succession planning process to the provisions of the Self-Regulation Code;
- reduce the risk of discontinuity in the Group management;
- identify internal/external options with the aim of a succession in the short or medium term;
- ensure the internal meritocratic development of the resources to ensure the continuity of the Group.

This process, developed thanks to the contribution of about 35 interviews with the Group's key managers that have led to the definition of talent features to Prysmian, is managed by an online tool and follows a defined schedule in three main phases:

1. *Talent Identification* (April): each manager is required to make an assessment regarding some personal characteristics of their employees, who have had a very good performance evaluation (P3) for at least two years, and to express an overall opinion on their potential development and career;
2. *Discussion on succession* (May / June): the management team of each country or business unit is called to discuss the results of the phase of identification, confirming or not the position of candidates in a readiness matrix (Performance and Potential).
3. *Talent pool and succession tables* (May / June): the main outputs of the preceding discussion are the talent pools, which highlight the position of the candidate in the readiness matrix and its organisational level. Through the use of the talent pools, each country / BU will make proposals for the succession planning.

The P4 process will be used to define a selective talent pool for succession in top positions and, on this, an additional work will be carried out by the Remuneration, Nomination and Sustainability Committee and a third party.

## 4.2. COMPOSITION

*(pursuant to Article 123-bis, paragraph 2 letters d) and d-bis), TUF)*

The Company is currently managed by a Board of twelve Directors. The three-year term of the Board of Directors in office commenced on 12 April 2018 when the Shareholders' Meeting determined that the new Board of Directors should have 12 members and appointed them using the slate voting system.

On that occasion, the following three slates of candidates were filed for the renewal of the Board of Directors:

**Slate 1**, submitted by the outgoing Prysmian Board of Directors:

1. Maria Elena Cappello (independent),
2. Monica de Virgiliis (independent),
3. Massimo Battaini,
4. Valerio Battista,
5. Pier Francesco Facchini,
6. Fabio Ignazio Romeo,
7. Claudio De Conto (independent),
8. Maria Letizia Mariani (independent),
9. Massimo Tononi (independent),
10. Joyce Victoria Bigio (independent),

**Slate 2**, submitted by the shareholder Clubtre S.p.A. owner, at the time the slate was submitted, of 8,690,312 ordinary shares equal to 3.923% of Prysmian share capital:

1. Giovanni Tamburi (independent),
2. Alberto Capponi (independent).

**Slate 3**, submitted jointly by the shareholders Aberdeen Asset Managers Limited fund manager SWTEU (XCAY) European (ex UK) Equity Fund; Aletti Gestielle SGR S.p.A. fund manager: Gestielle Obiettivo Italia, Gestielle Pro Italia and Gestielle Italy Opportunity; Amundi Asset Management SGR S.p.A. fund manager: Amundi Risparmio Italia, Amundi Sviluppo Italia, Amundi Obbligazionario Più a Distribuzione and Amundi Dividendo Italia; Anima SGR S.p.A. fund manager: Anima Geo Italia, Anima Visconteo and Anima Sforzesco; Arca Fondi SGR S.p.A. fund manager: Arca Azioni Italia, Arca Azioni Europa and Arca BB, APG Asset Management N.V. fund manager Stichting Depository APG Developed Markets Equity Pool; Etica SGR S.p.A. fund manager: Etica Azionario, Etica Bilanciato, Etica Rendita Bilanciata and Etica Obbligazionario Misto; Eurizon Capital SGR S.p.A. fund manager: Eurizon Azioni Internazionali, Eurizon Azioni Area Euro, Eurizon Azionario Internazionale

Etico, Eurizon Azioni Europa, Eurizon Progetto Italia 70, Eurizon Azioni Italia, Eurizon Azioni Pmi Europa, Eurizon Pir Italia Azioni and Eurizon Progetto Italia 40; Eurizon Capital S.A. fund manager: Eurizon Fund - Top European Research, Eurizon Fund - Equity Italy, Eurizon Fund - Equity Small Mid Cap Europe and Eurizon Fund - Equity Absolute Return; Fideuram Asset Management (Ireland) - Fideuram Fund Equity Italy and Fonditalia Equity Italy; Fideuram Investimenti SGR S.p.A. fund manager: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50 and Piano Bilanciato Italia 30; Interfund Sicav Interfund Equity Italy; Generali SGR S.p.A. fund manager: Alto Internazionale Azionario and FCP General Euro Convertibles; Generali Investments Luxemburg SA fund manager: GIS Convertible Bond, Generali Smart Fund Pir Evoluzione Italia and Generali Smart Fund Pir Valore Italia; Kairos Partner SG. S.p.A. as a Kairos International Sicav Management Company - sectors: Target Italy Alpha, Italia Pir, Risorgimento and Italia; Legal & General Assurance (Pensions Management) Limited; Mediolanum Gestione Fondi fund manager Mediolanum Flessibile Futuro Italia; Mediolanum International Funds - Challenge Funds - Challenge Italian Equity; Standard Life Assurance Limited European Equity Fund, Standard Life Assurance Limited - Ireland Pension Europe, Standard Life European Equity Pension Fund, Corporate Overseas Asset, Global Equity Unconstrained SICAV, SICAV Global Equities Fund, Standard Life Multi-Asset Trust, Global Equity Trust II, Standard Life European Trust, Standard Life Investment Company II European Ethical Equity Fund, Standard Life International Trust, Standard Life Pan-European Trust, Standard Life European Trust II, Global Equity Unconstrained, Standard Life Investment Company Global Advantage Fund and Standard Life Investment Company European Equity Growth Fund; Ubi Sicav – sub-fund Italian Equity, Euro Equity, European Equity, Multiasset Europe and Ubi Pramerica SGR fund manager of Ubi Pramerica Multiasset Italia, owners, at the time the slate was submitted, of 13,810,563 ordinary shares, equal to 6.234% of Prysmian share capital:

1. Paolo Amato (independent),
2. Mimi Kung (independent),
3. Cesare Conti (independent).

Based on the votes obtained by the three slates submitted, all 10 candidates indicated in Slate 1 filed by the Board of Directors were appointed as Directors, voted by the majority of those with voting rights participating in the Shareholders' Meeting, equal to approximately 62% of the share capital present or represented, and the first two candidates indicated in Slate 3, voted by a minority of those with voting rights participating in the Shareholders' Meeting, equal to approximately 28.6% of the share capital present or represented. No candidate from Slate 2 was appointed,

having been voted by those with voting rights who represented approximately 7.1% of the share capital present or represented.

The three-year term of the Board of Directors currently in office will expire on the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020.

The composition of the Board of Directors, as established by the Shareholders' Meeting of 12 April 2018, changed during the Financial Year. In fact, on 25 July 2018 Mr Massimo Tononi resigned the positions he held in the Company. This resignation took effect at the conclusion of the Board of Directors' meeting held on 18 September 2018 — the same meeting in which the results of the Prysmian Group as at 30 June 2018 were approved. At that time the Board of Directors therefore assigned the role of Chairman of the Board of Directors to director Mr Claudio De Conto, and named and co-opted Mr Francesco Gori as a new member of the board, to serve until the next Shareholders' Meeting of the Company. Given the requirement to replace an independent director (even though to a limited extent under the provisions of TUF article 148, paragraph 3), the candidature of Mr Gori was proposed to the Board of Directors by the Remuneration, Nomination and Sustainability Committee, as required by the regulations governing the operation and tasks of said committee.

The composition of the Board of Directors has not changed since the close of the Financial Year.

\*\*\*

## Directors' personal and professional characteristics

*(Article 144-decies CONSOB Issuer Regulation)*

Below there is a short curriculum vitae for each Director, in office at the date of this Report, including personal details, field of expertise and experience.

### Claudio De Conto

**Chairman of the Board of Directors  
Independent Non-Executive Director.**

He was born in Milan on 16 September 1962.

After graduating from the Luigi Bocconi University in Milan with a degree in Corporate Finance in 1986, he began his career at Ernst & Whinney in the UK. He then joined the Pirelli Group in 1988. After five years in the Pirelli Group's Treasury department, in 1993 he embarked on a long period of international experience in the Administration, Finance and Control areas of the Pirelli Group's tyre subsidiaries in Brazil, Spain and Germany. In particular, between 1996 and 2000, he held the position of Chief Financial Officer of Pirelli Neumaticos S.A. in Spain and then of Chief Financial

Officer of Pirelli Deutschland A.G. in Germany. In 2000, he became Director of Administration, Planning and Control at Pirelli S.p.A. In 2001, he was appointed General Manager of Administration and Control at Pirelli S.p.A., a role he has maintained in the holding company Pirelli & C. S.p.A. after the merger with Pirelli S.p.A. that took place in August 2003. From November 2006 until September 2009, he was Chief Operating Officer of Pirelli & C. S.p.A. and was also a member of the Board of Directors of Pirelli Tyre S.p.A. and Chairman of Pirelli Broadband Solutions S.p.A. In addition, from December 2008 to May 2010, he was Chief Financial Officer at Pirelli Real Estate and from June 2009 to May 2010 Executive Chairman of Pirelli Real Estate Credit Servicing S.p.A. He has sat on the Boards of Directors of RCS MediaGroup S.p.A. and Assicurazioni Generali S.p.A. He has also been a member of the Management Board of Banca Popolare di Milano S.c.a.r.l. and a Senior Advisor to McKinsey. Currently he is CEO of Artsana Group, Chairman of Prénatal Retail Group S.p.A. and Chairman of the Board of Directors of Star Capital SGR S.p.A. (formerly Efibanca Palladio SGR) and since July 2018 he is Chairman of Medical Technology and Devices SA. Between 2002 and June 2008, he was a member of the International Financial Reporting Interpretations Committee (IFRIC), set up by the International Accounting Standards Board (IASB). He has also been a member of the European Financial Reporting Advisory Group (EFRAG).

He has been a member of the Prysmian Board of Directors since July 2010, and Chairman since September 2018. He was elected to his current position by the Shareholders' Meeting on 12 April 2018 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Mr. De Conto meets the requirements set out in Article 148, paragraph 3, TUF and in Articles 3.C.1 and 3.C.2 of the Code, qualifying him as an Independent Director of the Company.

## **Valerio Battista**

**Chief Executive Officer and General Manager.**

**Chief Executive Officer.**

He was born in Arezzo on 8 January 1957.

He graduated with a degree in Mechanical Engineering from the University of Florence. Valerio Battista is a manager with extensive knowledge and understanding of the industrial sector with more than 30 years of experience gained first with the Pirelli Group and then with the Prysmian Group, where he assumed the leadership role in 2005. Within the Pirelli Group he held positions of increasing responsibility, particularly in the restructuring and reorganisation of Pirelli Cavi, which became one of the most profitable and competitive organisations in the industry under his leadership from 2002 to 2004. In 2005, he played a key role in the creation of Prysmian Group,

leading to its listing on the Stock Exchange in 2007. The Group, in which he is currently the CEO, is a world leader in the energy and telecom cable industry, with around 29,000 employees and 112 plants worldwide.

Since June 2014, he has also been the Chairman of Europacable and since April 2017 he has been a member of the Board of Directors and Lead Independent Director of Brembo S.p.A.

He has been a member of the Prysmian Board of Directors since December 2005. He was elected to his current position by the Shareholders' Meeting on 12 April 2018 from the slate submitted by the Board of Directors, which obtained the majority of votes.

## **Paolo Amato**

**Independent Non-Executive Director.**

He was born in Rome on 1 June 1964.

He graduated with a degree in Mechanical Engineering from the "La Sapienza" University of Rome. He holds a Certificate in Capital Markets issued by the New York University in 1989, and a Master of Business Administration from the Harvard Business School in 1994. As a manager he has significant managerial and financial experience, with more than 25 years of international management practice in various industrial sectors, ranging across transport, infrastructure and technology on a number of continents including North and South America (USA, Argentina, Chile, Brazil), Greater Europe (Italy, France, UK, Spain, Switzerland, Germany, Russia), the Middle East (Israel, Saudi Arabia, UAE) and Asia Pacific (mainly China and Australia). He possesses a wide range of general management skills, achieved through significant managerial and board experience acquired in a variety of positions, including: CFO of Renova Management AG (2015-2016); CFO and then Deputy General Manager of Alitalia Compagnia Aerea Italiana S.p.A. (2009-2014); General Manager of Merloni Finanziaria S.p.A and CFO of Ariston Thermo S.p.A. (2003-2008); Co-Chief Executive Officer of eNutrix S.p.A. (2000-2003), as well as Associate Partner at McKinsey & Company for their offices in Buenos Aires, Rome and Zurich (1994-2000) and Assistant Director at Leonardo S.p.A. in the New York office (1989-1992). Board member and Chairman of AirOne S.p.A. (2009-2014); Independent Board Member and member of the Control & Risks Committee for Indesit S.p.A. (2013-2014); Board member, Chairman of the Audit & Finance Committee, member of the Nominations & Compensation Committee for Octo Telematics Ltd (2015-2017); Board member, Chairman of the Compensation Committee and member of the Nominating & Governance Committee for CIFC Asset Management Corporation (2015-2016). He is currently a Senior Advisor for a number of private equity funds internationally.

He has been a member of the Board of Directors since 12

April 2018, when he was elected from a slate presented jointly by a group of shareholders affiliated with asset management companies and institutional investors. This slate achieved the second highest number of votes at the Shareholders' Meeting.

The Board of Directors has verified that Mr Amato meets both the eligibility requirements as per TUF article 148, paragraph 3 and the Code's 3.C.1. and 3.C.2. applicability criteria, and is qualified to serve as an independent director of the Company.

### **Massimo Battaini**

#### ***North America CEO.***

#### ***Executive Director.***

He was born in Varese on 1 August 1961.

He has a degree in Mechanical Engineering from the Polytechnic University of Milan and an MBA from SDA Bocconi. He started his career in the Pirelli Group in 1987 and held various positions in R&D and Operations over an 18-year period. After running the Business Development department between 2000 and 2002 covering the three Business Divisions of Tyres, Energy Cables and Telecom Cables, he was appointed as Operation Director of Pirelli Cavi e Sistemi Energia and Telecom. In 2005, he was appointed as CEO of Prysmian UK and in January 2011 Chief Operating Officer of the Group, a post he held until 2014, when he became Business Energy Projects Manager and Chairman and CEO of Prysmian PowerLink S.r.l., He remained in this role until the end of June 2018. Since then he assumed the role of North America CEO.

He has been a member of the Prysmian Board of Directors since February 2014. He was elected to his current position by the Shareholders' Meeting on 12 April 2018 from the slate submitted by the Board of Directors, which obtained the majority of votes.

### **Joyce Victoria Bigio**

#### ***Independent Non-Executive Director.***

She was born in Norfolk (USA) on 23 November 1954.

She gained broad experience in accounting and international finance, holding various roles in different industries and geographical areas, including the US, the UK and Italy. She qualified as a Certified Public Accountant in the United States and was certified as a Quality Assurance Auditor by the Institute of International Auditors. She began her career with Arthur Andersen in Washington DC, spending 10 years in the audit division, in both the USA and Milan. She then joined the Euromobiliare investment bank as Controller. In the early 90's, she worked in London with Waste Management, first as Head of European Reporting and then in their merger and acquisition department. In 1998, she was appointed CFO for Sotheby's Italy and served on the boards of directors in Italy and Switzerland. In 2002

she founded International Accounting Solutions S.r.l., a company specialising in accounting and outsourcing services.

She has served on various Boards of Directors, and has acted as member and chair for a number of Control and Risks Committees. Since 2014 she has served on the Board of Directors for Rai Way S.p.A. From 2012 to 2014 she was a member of the Board of Directors and of the Control, Risks & Remuneration committee for Fiat (Chrysler) S.p.A. From 2008 to 2014 she was member of the Board of Directors for Simmel Difesa S.p.A. From 2012 to 2014 she was a member of the Board of Directors and a member of the Risk & Control Committee for Gentium S.p.A. From 2015 to 2017 she was member of the Board of Directors and Chair of the Audit Committee for Fiera Milano S.p.A. From 2016 to 2017 she was member of the Board of Directors and a member of the Control and Risks Committee for Veneto Banca S.p.A. From 2015 to 2017 she was member of the Board of Directors for Borbonese S.p.A.

She has been a member of the Company's Board of Directors since 12 April 2018, where she was elected from the slate presented by the Board of Directors. That slate achieved the majority of votes at the Shareholders' Meeting.

The Board of Directors has verified that Ms Bigio meets both the eligibility requirements as per TUF article 148, paragraph 3 and the Code's 3.C.1. and 3.C.2. applicability criteria, and is qualified to serve as an independent director of the Company.

### **Maria Elena Cappello**

#### ***Independent Non-Executive Director.***

She was born in Milan on 24 July 1968.

In over 20 years of her career in Italy and abroad, she has gained significant management experience thanks to steadily increasing responsibilities, achieved by securing competitive advantages, market share, profits, sales growth and cost optimisation for the businesses in which she has worked. She is skilled in managing mixed teams and complex business models, adapting them rigorously to local regulatory environments. Whilst studying Telecommunications Engineering at the University of Pavia with an Italtel scholarship, where she began work in 1991, she developed long-distance transmission networks, moving between the AT&T Bell Laboratories in New Jersey and Milan. In 1994, she moved to EMC Italy. After an initial experience at the production facilities in Cork (Ireland), she initially managed and developed the Public Administration sales area, and then the Telecom area. In 1998, she was hired by Digital/Compaq/HP based in Munich (Germany), where she took on various responsibilities at EMEA (Europe, Middle East & Africa) level, including that of EMEA Global Services Executive Director. In an entrepreneurial capacity, she started up and developed MetiLinx, a software company

operating in Europe, opening branches in London, Milan and Munich in 2002. In 2004, Pirelli Broadband Solutions appointed her as Senior Vice President for global sales. She then joined Nokia Siemens Networks in 2007 as Global Head of Strategic Marketing. From 2010 to 2013, she was Vice Chair and Chief Executive Officer of Nokia Siemens Networks Italia S.p.A. and of Nokia Siemens Networks S.p.A., as well as Head of European Strategy and Business Development. She has served as Vice Chair of the Executive Committee of the Global Mobile Supplier Association (GSA), and as a member of the Governing Council of Valore D. She has also chaired the Research and Innovation Group of the Foreign Investors' Committee in Confindustria (the General Confederation of Italian Industry). She has earned an Executive Master's degree in Strategic Marketing and Sales Techniques from Babson College, MA, USA, financed by EMC, and an Executive Master's degree in Marketing Management from SDA Bocconi, financed by Compaq. In addition to a high school diploma in classical studies from Liceo Parini in Milan, she has a High School Graduation diploma from Mount Pleasant High School in Wilmington, DE, USA. From June 2012 until June 2014, she was a member of the Management Committee of A2A S.p.A. and was also on their Board of Directors until May 2017 and, from July 2013 to April 2015, she held the office of independent Director at Sace S.p.A. and chaired the Remuneration Committee. From 2015 to 16 April 2018 she was a member of the Board of Directors of Italiaonline S.p.A. She is currently a Director at Saipem S.p.A., where she is also a member of the Governance Scenarios and Sustainability Committee, and a Director at Banca Monte dei Paschi di Siena S.p.A. She is also an Independent Director at Telecom Italia S.p.A. where she is a member of the Related Parties Committee. Since 2013, she has also served as a Global Female Leadership Summit Advisory Board member. She has been a member of Prysmian Board of Directors since April 2012. She was elected to her current position by the Shareholders' Meeting on 12 April 2018 from the slate submitted by the Board of Directors, which obtained the majority of votes. The Board of Directors has verified that Ms. Cappello meets both the eligibility requirements as per TUF article 148, paragraph 3 and the Code's 3.C.1. and 3.C.2. applicability criteria,, and is qualified to serve as an independent director of the Company.

## **Monica de Virgiliis**

### ***Independent Non-Executive Director.***

She was born in Turin on 20 July 1967.

In an international career of more than twenty years she has gained significant leadership experience in a number of high-tech strategic sectors. Her roles have shifted between operational management and strategic direction,

and she has led turnarounds in business models and value chain for markets impacted by digitalisation. She began her career in 1993, when she joined Magneti Marelli as Production Engineer in the Electronics Division, based in Pavia. In 1996, she joined the French Alternative Energies and Atomic Energy Commission (CEA) with the mission to develop collaborations with Italian companies. Following a highly successful partnership with ST Microelectronics, she joined STM in 2001 as Business Development Manager in the Telecom Wireline Division based in Agrate Brianza (Italy). In 2003, she became the Strategic Alliances Director for the Advanced Technologies Group and moved to their headquarters in Geneva. In 2004, she became Group Vice President in charge of System and Business Development for the Wireless Group. In 2006, she became General Manager of the Home Video Division and in 2007, in conjunction with the changing business model for wireless customers and the advent of smartphones, she became General Manager of the Wireless Multimedia Division (with a turnover of over one billion dollars) and successfully brought about a transformation of the product portfolio and business model. She played a key role in both the acquisition of NXP-Wireless and the establishment of a Joint Venture with Ericsson. In 2010, she left ST-Ericsson and returned to STM, placing her business experience at the disposal of the corporate programmes – first as Group Vice President Organisational Development and then in the Corporate Strategy and Development Division. In 2015, she joined Infineon Technologies as Vice President Industrial Microcontrollers at their offices in Munich and was able to turnaround the product line which she managed. In 2017, she carried out a project at Octo Telematics to integrate the newly acquired Mobility Solutions branch, and was active in services that intersected the new technologies, from sharing economy to automotive. She is currently the Chief Strategy Officer at the French Alternative Energies and Atomic Energy Commission (CEA), where she leads a project focused on digital and energy transition. She is based in Paris. She served on the Board of Directors of several start-ups during the years 2010-2014. She has been on the Board of Directors for the Stevanato Group since February 2016, that of SNAM S.p.A. since April 2016 and of Geodis S.A. (SNCF Group) since June 2018.

She has been a member of the Company's Board of Directors since 16 April 2015. She was elected to her current position by the Shareholders' Meeting on 12 April 2018 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Ms. de Virgiliis meets both the eligibility requirements as per TUF article 148, paragraph 3 and the Code's 3.C.1. and 3.C.2. applicability criteria, and is qualified to serve as an independent director of the Company.

## **Pier Francesco Facchini**

*Chief Financial Officer.*

*Executive Director.*

He was born in Lugo (Ravenna - Italy) on 4 August 1967. After receiving his degree in Business Economics in 1991 from the "Luigi Bocconi" University in Milan, his initial work experience was at Nestlé Italia, where from 1991 to 1995 he held different posts in the Administration and Finance area. From 1995 to 2001, he worked in several companies in the Panalpina Group, holding the position of Regional Financial Controller for Asia and the South Pacific and Head of Accounting, Finance and Control for Panalpina Korea (Seoul) and Panalpina Italia Trasporti Internazionali S.p.A. In April 2001, he was appointed Finance Director at Fiat Auto Consumer Services business unit, leaving in 2003 to become CFO at the Benetton Group, a post he held until November 2006.

He has been a member of the Prysmian Board of Directors since February 2007. He was elected to his current position by the Shareholders' Meeting on 12 April 2018 from the slate submitted by the Board of Directors, which obtained the majority of votes.

## **Francesco Gori**

*Independent Non-Executive Director.*

He was born in Florence on 15 May 1952.

After finishing high school specialising in classical studies, he graduated with honours from a degree in Business and Economics at the University of Florence, while simultaneously working first for a software company and then in the paper industry.

He joined Pirelli's Tyre Division in 1978, where he was promoted to executive in 1984. After a range of experience with Pirelli in commercial, marketing, M&A and management roles in both Italy and abroad, he was appointed as the Tyre Division's General Manager in 2001. He was then made CEO of Pirelli Tyre S.p.A. in 2006, and General Manager of Pirelli & C. in 2009. In the 10 years under his leadership, Pirelli Tyre's sales and EBITDA doubled, generating a positive cash flow, thanks to implementation of a premium strategy which allowed for higher top and bottom line growth with respect to their competitors, culminating in Pirelli becoming the exclusive supplier for F1 from 2010.

From 2006 to 2011, and for two consecutive terms, he was elected president of ETRMA, the European Rubber Manufacturers' Association.

In 2012 he left the Pirelli Group of his own initiative.

In 2013 he was named as an Independent Director on the board of Snam S.p.A. and took on the role of Chairman for the Control and Risks Committee. He was re-elected for the subsequent three-year period, and took on the role of Chairman for the Appointment Committee.

From 2013 to 2015 he was an Industrial Advisor at Malacalza Investments – Pirelli's second largest shareholder.

Since 2014 he has been the Managing Director of the Corporate Credit Recovery 1 fund for Dea Capital Alternatives Funds SGR (part of the De Agostini Group) and since 2018 he has been the Senior Advisor for the Corporate Credit Recovery 1 and 2 funds.

In 2015 he was appointed as a non-executive director for the Supervisory and Management Boards of Apollo Tyres, an industry leader listed in India.

From 2016 to 2018 he assumed the executive chairmanship of Benetton Group S.r.l.

He has been a member of the Company's Board of Directors since 18 September 2018, when he was named and co-opted to replace an outgoing board member.

The Board of Directors has verified that Mr Gori meets both the eligibility requirements as per TUF article 148, paragraph 3 and the Code's 3.C.1. and 3.C.2. applicability criteria, and is qualified to serve as an independent director of the Company.

## **Mimi Kung**

*Independent Non-Executive Director.*

She was born in Taipei (China) on 5 February 1965.

She graduated with a degree in Business Administration from Boston in 1988. She also took part in the Finance Executive Management Program of the Oxford University in 2003. After an experience as Assistant Controller at Hyatt in Taiwan, she moved to GE Capital's Corporate Finance Group and stayed there from 1991 to 1995. In 1995 she joined American Express, where she was the Director of Business Planning and Business Travel Marketing in New York until 2003, later becoming Vice President, Head of Investment Planning and Financial Analysis for International. From 2004 to 2007 she was CFO Europe and International Partnerships and Rewards, and was Head of Finance for American Express' "Proprietary Business" in Europe. There she directly oversaw all financial processes for the region, including business relating to the "International Membership Rewards" program and all "Co-Brand" partnerships. From 2007 to 2010 she was Vice President and General Manager for the UK and the Netherlands, and EMEA Remote Account Management. She was the Head of Growth and Strategic Development in the "Commercial Payments" business in the UK and the Netherlands, serving multinational clients and large and medium-sized enterprises. In 2010 she became Senior Vice President and Italy Country Manager, to which she added the role of Head of Card Services Central Europe & International Currency Cards in 2013. She remained in this position until she concluded her career with American Express in 2015. Since 2016 she has held the position of Independent Director, member of the Appointment Committee and member of the Related Parties Committee for Poste Italiane S.p.A. Since

2017 she has also been an Independent Director and member of the Nomination Committee and member of the Risk Committee for the Bank of Ireland UK.

She has been a member of the Company's Board of Directors since 12 April 2018, where she was elected from a slate presented jointly by a group of shareholders affiliated with asset management companies and institutional investors. This slate achieved the second highest number of votes from the Shareholders' Meeting.

The Board of Directors has verified that Ms Kung meets both the eligibility requirements as per TUF article 148, paragraph 3 and the Code's 3.C.1. and 3.C.2. applicability criteria, and is qualified to serve as an independent director of the Company.

### **Maria Letizia Mariani**

#### ***Independent Non-Executive Director.***

She was born in Rome on 18 July 1960.

She graduated magna cum laude in Natural Sciences in 1984 at the University "La Sapienza" of Rome. After a first experience in research, she joined Rank Xerox where, from 1986 to 1989, she held technical and commercial roles. In 1989, she became marketing manager at Apollo Computer until October 1989 when, as result of an acquisition, she joined Hewlett Packard, where she remained until December 2010. In Hewlett Packard she diversified her experience, both in Italy and abroad, holding roles of increasing responsibilities in sales, marketing, services, software, general management. In January 2011, she joined Philips as Lighting Vice President & General Manager for Italy, Greece and Israel. Until March 1<sup>st</sup>, 2019, she was Lighting Europe Executive Vice President & General Manager. She is currently Chief Marketing Officer & Head of Strategy in Signify. From 2011 till 2015, she was President of Luceplan and President of Iltiluce. From 2013 to 2015, she was also CEO of Iltiluce. She has been a member of the Board of Directors since 16 April 2015. She was elected to her current position by the Shareholders' Meeting on 12 April 2018 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Ms. Mariani meets both the eligibility requirements as per TUF article 148, paragraph 3 and the Code's 3.C.1. and 3.C.2. applicability criteria, and is qualified to serve as an independent director of the Company.

### **Fabio Ignazio Romeo**

#### ***Head of Corporate Strategy and Development. Executive Director.***

He was born in Rho (Milan - Italy) on 25 August 1955. He earned his degree in Electronic Engineering at Milan Polytechnic University in 1979 and then an MS and later a Ph.D. in Electronic Engineering and Computer Sciences

from the University of California, Berkeley, in 1986 and 1989 respectively. Mr. Romeo began his career in 1981 at Tema (part of the ENI Group) as a designer of control systems for chemical plants. He moved to Honeywell in 1982 as a Member of Technical Staff and later Technical Advisor to the Honeywell CEO. He became Innovation Manager at Magneti Marelli's Electronics Division in 1989. In 1995, he was appointed Managing Director at Magneti Marelli's Rear-view Mirrors Division, where in 1998, he took over the same position at the Electronic Systems Division. In 2001, he moved to the Pirelli & C. S.p.A. Group as Director of the Truck Division at the Pirelli Tyre business unit. A year later, he took up the post of Utilities Director at the Pirelli Cables Division. In December 2004, he became Head of the Prysmian Group's Power Cables and Systems Business Unit, a position he held until December 2013 when he assumed the role of Head of Corporate Strategy and Development. He has been a member of the Prysmian Board of Directors since February 2007. He was elected to his current position by the Shareholders' Meeting on 12 April 2018 from the slate submitted by the Board of Directors, which obtained the majority of votes.

\*\*\*

### **Diversity criteria and policy**

The Company adopted a new policy regarding the composition of the Board of Directors and the Board of Statutory Auditors. The adoption of this policy also meets the requirements of Article 123, paragraph 2, letter *d-bis* of the TUF, and is available on the company website [www.prysmiangroup.com](http://www.prysmiangroup.com) in the section *investors/shareholders-information/shareholders-meeting*. This policy was prepared by the relevant company departments under ongoing monitoring by the Remuneration, Nomination and Sustainability Committee, and was eventually approved by the Board of Directors on 20 December 2017.

This policy contains approaches and recommendations believed to be effective in achieving the desired outcome, which is for the Board of Directors to be composed of individuals who are capable of ensuring that they can carry out the roles assigned to them effectively. This objective can only be achieved only by intervening both in the phase of their candidacy and appointment, which involves various subjects with different tasks (internal committees, Board, Shareholders' Meeting and proxy advisor), and after their appointment, during the performance of their tasks in the ongoing management of activities. To this end, the professional skills necessary to achieve this result are to be clearly defined ex-ante, with any required adjustments being made during the process to take into account any new or altered circumstances. The process of selecting candidates

to fulfil board member roles, and the appointment of the same, also needs to take into account these approaches and recommendations.

Among the main topics covered by the policy, and on which the Board of Directors has expressed their recommendations, are:

- the minimum number of Independent Directors, taking into account the criteria established under the Self-Regulation Code.
- the maximum number of positions directors should hold in companies listed on regulated markets.
- the number of years Independent Directors remain in office.
- the age limit of Directors.
- the adoption of a board skills matrix, for assessing the skills already present on the Board and identifying any that are missing.

The policy in question also describes the criteria adopted and the process followed by the Board (with support from the Remuneration, Nomination and Sustainability Committee) in the selection of individuals to be included on the board's candidate slate when the entire Board of Directors is up for renewal, if the outgoing Board decides to submit such a slate.

Commencing from the financial year after the policy implementation, annual comparisons between the policies described and the results obtained are provided based on the choices made by those entitled to appoint company boards. Yearly updates will be provided in order to take into account any changes in the composition of said company boards during their respective mandates.

The aforementioned comparison between the proposed approaches and recommendations and the results obtained, is directly contained in the policy, to which reference should be made for further information (on the company website [www.prysmiangroup.com](http://www.prysmiangroup.com) in the section *investors/shareholders-information/shareholders-meeting*). Prysmian's By-laws envisage that the appointment of the Board of Directors be undertaken using means such as to guarantee that the less represented gender obtains at least one third of the members. This principle has been made in compliance with the provisions of Law no. 120 of 12 July 2011 (which introduced paragraph 1-ter into art. 147-ter of the TUF), which envisages the application of this principle for three consecutive mandates, starting from the first renewal after the date that the aforementioned Law no. 120/2011 comes into force.

In order to comply with this provision, Prysmian's By-laws envisage that the lists of candidates for the renewal of the Board of Directors presented by the rights holders, should they have three or more candidates, must be composed of candidates belonging to both genders, so that the less represented gender is at least one third (rounded upwards)

of the candidates.

The current term of office of the Board, whose natural expiry is foreseen with the approval of the financial statements as at 31 December 2020, is the second to which the legislation in question applies. Taking into account the aforementioned regulations set forth in the By-laws, the Shareholders' Meeting of 12 April 2018, called upon the renewal of the Board of Directors, appointed twelve Directors, seven of whom men and five women.

\*\*\*

### Maximum number of appointments in other companies

The number of other appointments already held by Board members can provide a good indication of the amount of time any appointee would likely have available for undertaking an appointment with Prysmian. In connection with the adoption of the above-mentioned policy regarding the composition of the Board of Directors, the Board therefore recommended that candidates for the position of director should not hold more than 4 appointments in companies listed on regulated markets at the time of candidature, where their potential appointment to Prysmian's Board is included as one of those positions for the purpose of the count.

\*\*\*

### Induction Programme

During the Financial Year, the Company Shareholders' Meeting was convened to renew the Board of Directors at the end of its three-year term. The renewal of the Board using a slate voting system saw the confirmation of nine of the eleven Directors already in office and the appointment of three new Directors. During the same Financial Year, another new director was named and co-opted following the resignation tendered by the Chairman of the Board of Directors. Also in order to provide the four Directors new to Prysmian with an appropriate knowledge of the Prysmian Group's business, of its corporate dynamics and of the Company's self-regulatory and legislative framework, a meeting was organised with the Group's top management, representing both business and corporate departments. At that meeting, each manager presented and described the company sector he or she is in charge of.

Also in view of the positive feedback on similar initiatives in the past, the Chairman continued to support the annual induction meeting aimed at increasing the Directors' and Statutory Auditors' awareness of the Prysmian Group's business. In particular, a visit to the Group's facility in Nordenham (Germany) was organised, and it was arranged for the Directors and Statutory Auditors to attend meetings

aimed to expand their knowledge of the business sectors in which the Prysmian Group operates. These meetings focus on themes of a strategic nature, which will also assist

with the upcoming assessments regarding appropriate risk management principles.

## 4.3. ROLE OF THE BOARD OF DIRECTORS

*(pursuant to Article 123-bis, paragraph 2 letter d), TUF)*

In 2018, the Board of Directors held 13 meetings, lasting an average of one hour and a forty-five minutes each. The four main meetings scheduled in the Financial Year's events calendar, lasted an average of three hours and thirty minutes each. The directors who were in office during those meetings, had a 92% attendance average on each occasion during the Financial Year, while the Statutory Auditors reported 100% attendance.

As provided for by current regulations, the Company published, in its 21 January 2019 press release, the Board meeting dates scheduled for 2019 for examination of financial results, as set out below:

- **5 March 2019:** consolidated financial statements of the Prysmian Group, draft statutory financial statements of Prysmian S.p.A. for the financial year as at 31 December 2018;
- **13 May 2019:** quarterly financial report as at 31 March 2019;
- **1 August 2019:** half-year financial report as at 30 June 2019;
- **12 November 2019:** quarterly financial report as at 30 September 2019.

With regard to the dates listed above, legislative decree 25/2016 implementing the Transparency directive should also be considered. This decree removed the obligation for issuers to publish the interim reports on operations and allowed CONSOB to request under regulation any required information in addition to the annual and half-year reports. The Company has confirmed their desire to approve and publish supplementary financial reports in addition to the annual and half-year financial reports. These supplementary reports will be released at the close of the first and third quarters (31 March and 30 September) of each financial year, and will be made available to the public at a time and with contents which are consistent with the provisions in force before the obligation to publish interim reports on operations was removed. In particular, the review and distribution of supplementary reports, and that of related documentation, is to take place within 45 days from the close of the period to which they refer. During the current year, the Board held one meeting before the one that approved the Report.

Company management is the sole responsibility of Directors, who perform the required operations to implement its corporate purpose. The Board of Directors has the broadest possible powers of ordinary and extraordinary administration of the Company, except for those, 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 for by Articles 2505, 2505-bis and 2506-ter of the Civil Code; (ii) transfer of the registered offices within the national territory; (iii) opening or closing secondary offices; (iv) indication of which Directors may represent the Company; (v) reductions in share capital following shareholder withdrawal; and (vi) updating the Company By-laws to comply with legislation (Article 17 of the By-laws).

For Board resolutions to be valid, a majority of the Directors in office must be present and the resolutions must be passed by a majority vote of the Directors present. In the case of a tie, the Chairman's voted position shall prevail. The Directors cannot delegate the exercise of their vote (Article 18 of the By-laws).

The Board of Directors may delegate all or part of its powers, within legal limits, to one or more of its members, who will thus become Managing Directors, and/or to an Executive Committee, and may set limits on the delegation. Nonetheless, the Board of Directors shall have exclusive authority for the following issues, which may not be delegated pursuant to the By-laws:

- (a) examination and approval of the Company's and the Group's strategic, industrial and financial plans, its governance system and the corporate structure of the Group headed by the Company;
- (b) examination and approval of operations - including investments and divestments - which, by their nature, strategic importance, size or the commitments they may entail, have significant strategic, economic, equity or financial impact on the Company and/or the Group, especially as concerns related party transactions;
- (c) verification of the adequacy of the Company's and/or the Group's organisational, administrative or general accounting structure;
- (d) assignment or withdrawal of delegated powers to

Directors and the Executive Committee, if established, setting limits, operational procedures and terms, normally not greater than one quarter, wherein the executive bodies must report to the Board on their activities in that period;

- (e) after examining the proposals of the relevant Committee and consulting the Board of Statutory Auditors, setting the remuneration of Executive Directors, as well as the breakdown of the overall amount due to the individual members of the Board and the Committees, should the Shareholders' Meeting not have already done so;
- (f) review of general operating performance, taking into specific account the information received from Executive Directors, the Executive Committee, if established, and the Control, Risks and Corporate Governance Committee, as well as regularly comparing actual results against those predicted.

The Board of Directors may appoint general directors, whose delegated powers must be established. In addition, subject to mandatory consultation with the Board of Statutory Auditors and based on minimum requirements set by the By-laws, the Board of Directors shall appoint the manager responsible for preparing corporate accounting documents, setting the term of the appointment, duties and powers in compliance with current regulations (Article 19 of the By-laws).

The Board of Directors may also establish committees with powers to advise and make proposals, with responsibility for specific issues, and may determine their composition and responsibilities (Article 19 of the By-laws).

The Board of Directors has adopted by resolution certain quantitative and qualitative parameters, differentiated by type or category of transaction, to determine which transactions, apart from intergroup transactions, shall be considered of significant economic, strategic, equity or financial impact and, hence, subject to specific prior examination by the Board, even when the transaction is undertaken by a Group subsidiary.

The types of transactions, which, having passed certain quantitative and qualitative parameters, shall be subject to prior examination by the Board, are mainly real estate, M&A (purchase and sale of holdings, joint venture agreements), and financial transactions (issue of guarantees, financial instruments and taking out loans).

\*\*\*

The Chairman shall call meetings of the Board of Directors whenever he considers it to be in the interests of the Company, or when he receives a written request from one or more Executive Directors, or from at least three serving Directors, or from the Board of Statutory Auditors or from

one of its standing members in the cases provided for by the law (Article 16 of the By-laws).

In line with the recommendations of Article 1 of the Code, the Board has a central role in the Company's Corporate Governance system. The Board of Directors meets regularly and is organised and operates to ensure the effective and efficient performance of its functions. The Chairman of the Board of Directors, with the assistance of the Board Secretary, shall inform the Directors and Statutory Auditors in advance of the issues to be discussed at board meetings and, if required, shall ensure that appropriate information is provided in advance on the matters to be examined (Article 16 of the By-laws).

At the Chairman's instruction, the Board Secretary emails the documentation illustrating the issues to be discussed to the Directors and Statutory Auditors, at different times depending on the topics to be discussed and generally not less than two days before the meeting, except for urgent situations or when special confidentiality is required. Under these circumstances, complete discussion of the issues shall be nevertheless ensured. Said documentation is also made available, starting from the email delivery, on IT media with which Directors and Statutory Auditors have been provided, enabling the examination of the documents in electronic format also during Board meetings.

The managers responsible for preparing corporate accounting documents attend the Board of Directors meetings that address and discuss matters falling under their remit. The Chief Executive Officer notifies the department heads that they shall or may be called on to participate in Board meetings when issues falling within their responsibility are discussed, so that they can give their contribution. For the most part, the following department heads are called on to provide in-depth insights during Board meetings: the Compliance and Audit Officer, to discuss internal control and risk management system issues, the Head of Human Resources and Organisation, to discuss remuneration policy and incentive plan issues, as well as - when it's necessary to detail specific topics for discussion or simply to provide assistance for the analysis of information the Board already has - the heads of the business and corporate departments, who do not already participate in the meetings as Directors. The General Counsel, in his capacity as Board Secretary, attends all Board meetings, providing the required information for the matters under his remit.

During the meeting called to examine the draft financial statements, the Board of Directors positively assessed the adequacy of the organisational, administrative and general accounting structure of the Company, also with reference to the internal control system and the management of conflicts of interest. These conclusions were supported by positive opinions issued by the Board's own internal

committees, which had previously carried out the same assessments within their own spheres of responsibility.

\*\*\*

## Self-assessment

As far as self-assessment activities are concerned, usually - at least once in the course of the Board's three-year term - the Board resorts to a leading consultancy company which carries out, amongst other things, professional analyses on the structure, functioning and efficiency of the Board of Directors and their committees for listed companies. Such practices are in line with recommendations expressed by the Directors over the years, who deemed it beneficial to carry out this type of assessment with the assistance of an advisor after the first year of each term in office. The purpose of this is to allow consultants to gather opinions and recommendations from any new directors, once those directors have gained sufficient knowledge of the Company, the Group and the functioning of the Board and its Committees.

During the current three-year term, which began on 12 April 2018 with the renewal of the Board of Directors, the Remuneration, Nomination and Sustainability Committee decided to propose to the Board of Directors that this self-assessment be carried out with the assistance of an advisor in order to confirm the aforesaid practices. For the purpose of identifying such an advisor, the relevant business areas have contacted leading consulting firms. From among these, the Committee has selected the two proposals that they consider to be the best, to be presented for consideration by the Board. When the advisor is finally chosen by the Board, that candidate will provide assistance in the self-assessment that will be carried out by the Board during the first half of 2019. As for the self-assessment process for the 2017 financial year, it was carried out in the early months of the Financial Year, taking into account experience previously gained. This activity was assigned to a leading consulting firm and was performed independently from the Board of Directors. The activity was divided into three phases:

- each Director was provided with a questionnaire containing various questions that required them to express a judgement on the size, composition and

functioning of the Board and its committees. They were also able to provide suggestions or proposed actions;

- the completed questionnaires were sent to the Secretary of the Board of Directors who prepared a document summarising the opinions expressed and the suggestions provided, in an aggregated and anonymous format;
- the summary document was first submitted for consideration of the Remuneration, Nomination and Sustainability Committee, and then, subsequently, for the consideration of the Board of Directors.

Given the positive results of the self-assessment, the Remuneration, Nomination and Sustainability Committee decided not to make any comments or suggestions regarding this matter.

The Board expressed complete satisfaction with the extensively positive outcomes from the self-assessment process and, in acknowledging the overall outcome of the Directors' assessments, deemed in conclusion that the size, composition and operation of the Board of Directors and of its committees were appropriate.

\*\*\*

The Shareholders' Meeting that appointed the Board of Directors in office on the date of the Report was not called upon to authorise, in general terms and as a preventive measure, waivers to the prohibition of competition provided for by Article 2390 of the Civil Code. Nonetheless, when the candidacies were submitted for renewal of the Board of Directors, each of the Directors in office confirmed that the conditions set out in Article 2390 of the Civil Code did not apply to him/her.

\*\*\*

As concerns the analysis of the adequacy of Prysmian's organisation, administrative and accounting structure, including its strategically significant subsidiaries, with particular reference to the internal control and risk management system, see paragraph 10 of the Report.

## 4.4. EXECUTIVE BODIES

The Directors Valerio Battista and Pier Francesco Facchini have been vested with executive powers by the Board of Directors.

### Chief Executive Officer - CEO

The Board of Directors, during the meeting of 12 April 2018, conferred the office of Chief Executive Officer and General Manager on Valerio Battista, and delegated him all authority and powers of ordinary administration, legal representation and representation towards third parties, as needed or useful to carry out the Company's business, including the following powers:

- stipulate, with all appropriate clauses, modify, terminate, transfer and withdraw from any contract or any other deed with direct or indirect subsidiaries;
- buy, exchange and sell in the name and on behalf of the Company and also on behalf of third parties, and transfer to existing or new companies, real estate of any kind or nature wherever located, up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
- buy, exchange and sell in the name and on behalf of the Company and also on behalf of third parties, and transfer to existing or new companies, assets of any kind or nature wherever located, up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
- apply for loans, financing, the opening of credit lines, in any form from banks, finance companies and institutions, parent companies and subsidiaries, up to a maximum limit of Euro 100,000,000 (one hundred million euros) per transaction;
- apply for the issue or grant of guarantees, also in the interests of subsidiaries, from banks, finance companies and institutions, up to a maximum limit of Euro 100,000,000 (one hundred million euros) per transaction;
- grant loans or credit lines on behalf of and/or in the interests of any subsidiary;
- grant loans or credit lines on behalf of and/or in the interests of any investee company, up to a limit of Euro 5,000,000 (five million euros) per transaction;
- grant guarantees, issue comfort letters, indemnity letters etc., or take on any other commitment in favour of third parties, also in the interests of subsidiaries, up to a maximum limit of Euro 100,000,000 (one hundred million euros) per transaction;
- sign, modify and/or terminate any contract regarding the "turnkey" supply of the Company's goods or products, including the related issue of bonds, guarantees etc., up to a maximum limit of Euro 100,000,000 (one hundred million euros) per transaction;
- issue bonds, guarantees etc., up to a maximum limit of Euro 50,000,000 (fifty million euros) per transaction, in relation to contracts regarding the "turnkey" supply of goods or products by the Company or by its subsidiaries and associates, together with goods, products or services supplied by third parties;
- subscribe, issue, purchase, modify, sell, repay and transfer financial instruments, bonds etc., up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
- purchase and sell companies and/or business lines, up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
- purchase, sell and/or subscribe to investments in companies, up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
- employ and dismiss staff, including management level;
- sign, pay and undertake any act incidental to or necessary to carry out capital transactions, including capital contributions in favour of subsidiaries;
- sign, pay and undertake any act incidental to or necessary to carry out capital transactions in favour of investee companies, including capital contributions, up to a maximum limit of Euro 5,000,000 (five million euros) per transaction;
- issue, within the scope and limits of the powers granted above, and revoke special mandates and general or special powers of attorney for particular acts or categories of acts, appointing attorneys, vesting them individually or collectively with signatory powers and with those powers that may be deemed appropriate to improve Company's performance, including the sub-delegation of the issue of mandates and powers of attorney.

Mr. Battista qualifies as head of Company management (Chief Executive Officer), as described in the Self-Regulation Code. It should be noted in this regard that no interlocking directorate situation exists because Mr. Battista does not hold any directorships in any other issuer whose Chief Executive Officer is a director at Prysmian S.p.A.

\*\*\*

### Chief Financial Officer

At its meeting on 12 April 2018, the Board of Directors also appointed the Director Pier Francesco Facchini as Chief Financial Officer, and assigned him the following authority and powers:

- represent the Company in all its dealings with Italian government authorities or with any other Italian or foreign government in matters concerning the powers hereby assigned, including tax matters in particular; he may sign petitions, claims and appeals, fulfil all formalities required by law, represent the Company before the relevant Offices. He is empowered to represent the Company at shareholders and debenture holders meetings of other companies or entities, and to also take part in the deliberations thereof on matters of both ordinary and extraordinary operations concerning whatsoever matter;
- sign and present tax declarations and returns in general (including VAT); he may negotiate the Company's taxes and duties with Tax Offices, to settle and agree such taxes in the name and on behalf of the Company, provided that the principal amount to be paid, in the case of a settlement, does not exceed Euro 5,000,000 (five million euros);
- sign payment orders in favour of public entities or their agents in relation to tax or social security payments;
- sign communications to Chambers of Commerce, Stock and Commodities Exchanges and companies concerning the Company's legal and regulatory obligations;
- sign ordinary correspondence with customers and suppliers relating to payments to be made to and by the Company;
- acquire contributions, accept the conditions thereto, sign necessary documents and issue receipts;
- sign, with all the necessary clauses, modify, terminate or transfer any contract with companies that are directly or indirectly controlled by the Company pursuant to Article 26 of Legislative Decree 127 of 9 April 1991, as subsequently amended and supplemented, provided that the contract falls within the ordinary administration, with no maximum value limits as long as these contracts comply with the general Prysmian Group policies in force regarding intergroup transactions;
- sign with all the necessary clauses, modify, and terminate the following:
  - active and passive lease or rental contracts no longer than nine years in duration, completing all connected and consequential acts, including the issue of receipts and notification of cancellation, as well as active and passive rental contracts and leases for movable assets, provided that the total amount of the annual payments connected to these contracts or the costs associated with signing, modifying or terminating them does not exceed Euro 1,000,000 (one million euros);
  - insurance contracts of all kinds (including surety bonds), provided that the related annual premium does not exceed Euro 1,000,000 (one million euros), completing all connected and consequential acts, including the payment of premiums, the agreement of the payment of damages and claims and any appointments of technical experts, doctors, claim agents and lawyers as required;
- contracts involving the acquisition and/or provision of services of any kind and performance of work, including of an intellectual nature;
- advisory agreements.
- collect receivables and any other sum due to the Company and issue receipts;
- endorse, receive, collect and order the collection of sums, mandates, treasury bills, money orders, cheques and credit instruments of any kind, and issue receipts;
- endorse for collection and discount, collect and acknowledge receipt of bills of exchange, excluding the power to accept drafts, to issue promissory notes and provide guarantees; draw drafts;
- make deposits, including guarantee deposits, in cash or securities at Cassa Depositi e Prestiti and at the provincial branches of the Treasury, receive receipts and global depository receipts;
- request the issue of banker's drafts; collect bank cheques and endorse them for collection;
- sign payment orders in favour of the Company (for interbank fund transfers);
- undertake at Customs Offices, at the Italian state railways (Ferrovie dello Stato), at transport companies in general and at the Italian postal service (Poste Italiane S.p.A.), any dispatch, clearance and collection of goods, valuables, parcels, packets and letters, as well as registered and insured post, as well as the signature and collection of currency declarations relating to import and export transactions; sign and approve invoices, circulation certificates, requests and statements necessary for the foregoing transactions; sign petitions, appeals, claims;
- represent the Company in any bankruptcy proceedings, compulsory liquidation, receivership or extraordinary administration and promote the declaration thereof; provide proof of receivables; attend meetings of creditors; accept and reject proposals for composition with creditors and requests to enter receivership or extraordinary administration procedures; issue receipts relating to these procedures;
- represent the Company in tax and currency audits, inspections and reports of assessment and verification and sign relevant reports;
- represent the Company before Tax Commissions of any level; appeal, take part in proceedings, indicate an address for service, file briefs and documents, take part in hearings, discuss and accept the related conclusions; appeal, including in the case of cross appeals; appeal

to the Court of Appeal and for reversal of judgement; appoint lawyers and attorneys with all the necessary powers; indicate an address for service;

- represent the Company in court, with all the necessary powers including those as per Article 183 and Article 547 of the Italian Code of Civil Procedure, for the matters regarding the powers hereby conferred; initiate and conclude legal proceedings, also of a preventive nature and for enforcement, including those for reversal of judgement and quashing of sentences before any legal and administrative authority and before the Constitutional Court, and generally any supranational jurisdiction, provided that — in the case of initiating proceedings which are not connected to the recovery and collection of receivables — the overall amount sought does not exceed Euro 3,000,000 (three million euros); resist such proceedings; appoint lawyers, attorneys and technical experts with all the necessary powers; indicate an address for service;
- apply and sign any pertinent documentation for loans, financing, the opening of credit lines, in any form, from banks, finance companies and institutions, parent companies and subsidiaries, up to a maximum limit of Euro 50,000,000 (fifty million euros) per transaction;
- apply and sign any pertinent documentation for the issue or grant of guarantees, also in the interests of subsidiaries, from banks, finance companies and institutions, up to a maximum limit of Euro 50,000,000 (fifty million euros) per transaction;
- grant loans or credit lines on behalf of and/or in the interests of any investee company up to a limit of Euro 4,000,000 (four million euros) per transaction;
- negotiate, sign and amend guarantees, comfort letters, letters of waiver and the like, and to take on any other commitments in favour of third parties, including acting for the benefit of subsidiaries; sign as sole signatory economic commitments up to Euro 10,000,000 (ten million euro) per transaction, or sign jointly with the Group's Finance Director — as identified in the Group's organisation chart on a case-by-case basis — economic commitments of between Euro 10,000,000 (ten million euro) and Euro 150,000,000 (hundred and fifty million euro) per transaction;
- subscribe, issue, purchase, modify, sell, repay and transfer financial instruments, bonds etc., up to a maximum limit of Euro 8,000,000 (eight million euros) per transaction;
- sign, pay or undertake any act incidental or necessary to carry out capital transactions, including capital contributions in favour of subsidiaries, up to a maximum limit of Euro 20,000,000 (twenty million euros) per transaction;
- sign, pay or undertake any act incidental or necessary

to carry out capital transactions in favour of investee companies, including capital contributions, up to a maximum limit of Euro 2,000,000 (two million euros) per transaction;

- issue, within the scope and limits of the powers granted above, and revoke special mandates and general or special powers of attorney for particular acts or categories of acts, appointing attorneys, vesting them individually or collectively with signatory powers and with those powers that may be deemed appropriate to improve Company's performance, including the sub-delegation of the issue of mandates and powers of attorney.

\*\*\*

### Chairman

The Board Chairman (position held by Massimo Tononi until 18 September 2018, and by Claudio De Conto since that date) has no executive powers, nor does he have a specific role in the Company's strategic planning, nor is he a controlling shareholder of the Company.

\*\*\*

### Reporting to the Board of Directors

The Board of Directors, through the Chief Executive Officer, reports to the Board of Statutory Auditors on the matters set out in Article 150, paragraph 1, TUF; this reporting obligation has always been fulfilled during the Board of Directors meetings.

Pursuant to Article 19 of the By-laws, the Chief Executive Officer also reports to the Board of Directors and the Board of Statutory Auditors on the activities undertaken, the general performance of the business, its prospects and the most significant transactions by the Company or its subsidiaries in terms of their impact on results of operations and financial position; in particular, the Chief Executive Officer reports on transactions in which the companies have an interest, on their own behalf or on behalf of third parties or which are influenced by the entity that exercises direction and coordination. Reporting to the Board of Directors and the Board of Statutory Auditors has always taken place during Board of Directors' meetings. As required by law, as well as by the Code, the Company has established a procedure, which may be viewed on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/corporate-governance*, which defines the parties and transactions requiring reporting to the Company's Board of Directors and Board of Statutory Auditors and the steps and timing that this reporting must follow. In particular, the procedure defines (i) the type, frequency and contents of the reported information, and (ii) how it is

to be obtained.

The Chief Executive Officer, at every Board meeting and regardless of how much time has elapsed since the previous meeting, reports to the Board of Directors

and to the Board of Statutory Auditors on the work and principal transactions undertaken by the Company and its subsidiaries that do not require prior Board approval.

## 4.5. OTHER EXECUTIVE DIRECTORS

Because of the positions they held within the Company and the Group during the Financial Year, Valerio Battista, Massimo Battaini, Pier Francesco Facchini and Fabio Ignazio Romeo are considered Executive Directors.

Valerio Battista is an executive director by virtue of his appointments as Chief Executive Officer and General Manager of the Company (see section 4.4), and he is responsible for the management of the Company.

Pier Francesco Facchini is an executive director by virtue of his appointment as Chief Financial Officer of the Company (see section 4.4 above)

Fabio Ignazio Romeo is an executive director because of his appointment as Head of Corporate Strategy and Development of the Prysmian Group.

Lastly, Massimo Battaini is an executive director because of his appointment as North America CEO of the Group.

## 4.6. INDEPENDENT DIRECTORS

Eight of the twelve Directors appointed by the Shareholders' Meeting of 12 April 2018 stated, when presenting their candidacy for the renewal of the Board of Directors, that they possessed the independence requirements under Article 148, paragraph 3, TUF. Seven of them also stated that they were independent pursuant to the Code's 3.C.1. and 3.C.2. applicability criteria.

At the meeting of the Board of Directors immediately following the aforementioned Shareholders' Meeting, the Board made an assessment of, based on (i) the statements provided when presenting their candidacy, (ii) the information provided verbally by the parties involved during the Board meeting and (iii) the additional information available to the Company, the relationships that may or appear to compromise the independence of judgement of the Directors declaring themselves independent.

The Directors declaring themselves independent and attending the meeting were expressly asked to report any changes that occurred, after submitting their candidacy, which could have altered their independent position. The independent Directors were also asked to report to the Board any relationships with the Company, or persons related to it, to enable the Board to assess whether such relationships could potentially affect the independence of their judgement.

Upon completion of this verification process, the Board deemed that the Directors Paolo Amato, Joyce Victoria Bigio, Maria Elena Cappello, Claudio De Conto, Monica de Virgiliis, Mimi Kung and Maria Letizia Mariani did possess those

requirements making them independent, pursuant to Article 148, paragraph 3, TUF and to the Code's 3.C.1. and 3.C.2. applicability criteria.

The Board also deemed that Massimo Tononi possesses the independence requirements pursuant to Article 148, paragraph 3, TUF only. Having actually held the office of Chair of the Board of Directors over the previous three-year term and, having also been confirmed in that office for the three-year term that begun during the Financial Year, Mr. Tononi was considered a "key representative of the Company" pursuant to the 3.C.2 applicability criteria of the Code.

Therefore, he was not deemed to be in possession of the independence requirements provided for by the Code. During the meeting of 18 September 2018, the Board of Directors acknowledged the resignation tendered by Mr Massimo Tononi on 25 July 2018 (with effect from the end of the same meeting) and awarded the post of Chairman of the Board of Directors to board member Mr Claudio De Conto. From that point forwards Mr De Conto was no longer deemed to meet the independence requirements envisaged by the Code, while conversely, he continued to meet the requirements of an Independent Non-Executive Director pursuant to the TUF. During the same meeting, the Board opted a new member of the Board of Directors, Mr Francesco Gori. The Board established that the new member met the requirements of independence, pursuant to both the TUF and the Code, based on the statements and documents previously provided by the same Mr Gori.

In evaluating the independence of a Director, and

in addition to meeting the requirements as per TUF article 148, paragraph 3 and the Code's 3.C.1. and 3.C.2. applicability criteria (which do not provide for any reversal of applicability), Prysmian has established that a director shall not normally be considered independent if, during the previous financial year, he has had commercial, financial or professional dealings with the Company, one of its subsidiaries, or with any of their principal representatives or with an entity that controls the Company, or with its key representatives, if the total value of such dealings is greater than:

- (i) 5% of the turnover of the legal entity, organisation or professional firm, of which the director has control or is a key representative or partner, or
- (ii) 5% of the annual personal income of the director or of the annual turnover generated directly by the director as part of his/her activity at the legal entity, organisation or professional firm, of which the director has control or is a key representative or partner.

In addition, all Independent Directors have also undertaken to promptly inform the Board of Directors of the occurrence of any circumstance that might result in a breach of the requirement, without, however, undertaking to resign if such a circumstance does occur. Annually, at the meeting to approve the Report, the Board of Directors invites the directors concerned to reconfirm their independence and examines any additional information they may have provided or of which the Board has become aware.

\*\*\*

The Board of Statutory Auditors has ensured the proper application of the criteria and verification procedures adopted by the Board for its annual assessment of the independence of its members, and noted its findings in its

report to the Shareholders' Meeting.

In this regard, an extract of the Board of Statutory Auditors' report of 12 April 2018, drafted pursuant to Article 153 of the TUF and Article 2429 of the Civil Code is reported below:

"[...]

*1. In the performance of its supervision and control activities, the Board of Statutory Auditors acknowledges that:*

*[...]*

*g) it has supervised the procedures used for implementation of the Self-Regulation Code for listed companies, adopted by the Company, as illustrated in the Report on Corporate Governance and Ownership Structure approved by the Board of Directors on 27 February 2018. The Board of Statutory Auditors has also verified the proper application of the verification criteria and procedures adopted by the Board of Directors to assess the independence of its members. In addition, the Board of Statutory Auditors has verified its own members' compliance with independence and professionalism criteria pursuant to the relevant legislation;*

*[...]"*

\*\*\*

During the Financial Year, two meetings with only those directors in possession of the independence requirements under TUF were held. During those meetings, the independent directors discussed topics to be subsequently dealt with during the Board of Directors' meetings, including such items as the outcomes from the self-assessment process, and the timing and method by which the documentation related to items on the agenda of Board of Directors' meetings shall be delivered to the Directors and Statutory Auditors.

## 4.7. LEAD INDEPENDENT DIRECTOR

As the circumstances do not apply to the Company under which the Code recommends an issuer to appoint a Lead Independent Director and since no such figure has been

requested by the Independent Directors, the Board did not select a Lead Independent Director from among its independent members.

# 5. PROCESSING CORPORATE INFORMATION

## Internal management and external disclosure of documents and information about the Company

Prysmian adopted a set of procedures for internal management and external disclosure of documents and information about the Company, especially concerning confidential information. These procedures were reviewed in order to align the content with the innovations introduced by Regulation (EU) No. 596/2014 ("MAR") on the harmonisation of Market Abuse legislation. The parts of greatest relevance in this regulation became applicable on 3 July 2016. The procedures define how information that can assume a confidential nature should be managed and identify the company managers who will manage and coordinate these information flows through their disclosure to the market. It includes situations where it was initially decided to defer disclosure under the circumstances as required by the applicable legislation. These procedures may be found on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/corporate-governance*.

## Insider Register

In compliance with Article 115-*bis* of the TUF, the Company has set up an Insider Register of those persons with access to confidential information.

Entries and updates to the Insider Register are defined according to the dedicated procedure, which is also aligned with the innovations of Regulation (EU) No. 596/2014 ("MAR") on the harmonisation of Market Abuse legislation. Registry entries can be made on a permanent or interim basis and the procedures identify which individuals are responsible for managing and administering the permanent register, along with the individual projects that are created in the register whenever it is decided to delay communication of confidential information to the market.

## Internal Dealing

The Company has adopted a procedure ("Code of Conduct - Internal Dealing"), aimed at governing the reporting obligations for transactions concerning Prysmian's shares, debt securities or derivatives, or other financial instruments which are linked to the Company, where those transactions are undertaken by persons who, because of their position, have access to relevant information (so-called Internal

Dealing). This procedure identifies so-called "Relevant Persons" as (i) the Company's directors, (ii) the Company's statutory auditors, and (iii) persons with management responsibilities and managers who have regular access to price sensitive information and have the power to take management decisions which can influence the Company's development and future prospects (so-called "Key Managers") who the Board of Directors identifies by name. Other relevant persons are (iv) "Relevant Shareholders", i.e. those who have a shareholding of at least ten percent (10%) of the Company's share capital, (v) directors and statutory auditors of relevant subsidiaries, entities who carry out direction activities and managers of relevant subsidiaries (pursuant to the above procedure) and lastly (vi) the so-called "Persons Closely Associated with Relevant Persons." The legal provisions governing the issues in this section were transposed into the "Code of Conduct - Internal Dealing", a copy of which may be found on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/corporate-governance* in the version updated during the 2016 financial year to align with the innovations of Regulation (EU) No. 596/2014 ("MAR") on the harmonisation of Market Abuse legislation. The above "Code of Conduct - Internal Dealing" also sets out blackout periods during which Relevant Persons and Persons Closely Associated with Relevant Persons cannot undertake operations which are subject to disclosure requirements. The blackout periods are thirty calendar days preceding the public announcement of approval of the Company's draft annual financial statements, half-year financial report, and each of the interim reports as at 31 March and 30 September (where scheduled for approval and publication). However, the Board of Directors, or, in urgent cases, the Chief Executive Officer, has the power to (i) identify further periods or circumstances in which the performance of transactions by Relevant Persons and Persons Closely Associated with Relevant Persons shall be subject to limits or conditions, and (ii) under certain circumstances, allow a Relevant Person and a Person Closely Associated with Relevant Persons to carry out the transaction in periods in which the ban would otherwise be in force. To date, neither the Board of Directors nor the Chief Executive Officer has made any exceptions to the ban on dealing during blackout periods.

## 6. BOARD COMMITTEES

(pursuant to Article 123-bis, paragraph 2 letter d), TUF)

The Company's Board of Directors has set up the following committees:

- (i) Remuneration, Nomination and Sustainability Committee,
- (ii) Control and Risks Committee.

The Remuneration, Nomination and Sustainability Committee jointly performs the functions that the Code assigns to the nomination committee and the remuneration committee, respectively, and provides a supervisory function regarding sustainability issues with the task of reviewing the annual sustainability report. This Committee was formed in compliance with the stricter rules set out for the remuneration committee's composition as it has only Independent Non-Executive members pursuant to the TUF.

The combination of the functions respectively of the nomination and the remuneration committees into one single committee arose from the affinity of some of the competencies required for the two bodies and from the positive experience gained on previous occasions, ensuring efficiency in the discussion of the relevant issues with the elimination of the risk of any possible failure of coordination. The Board of Directors has not reserved the duties and functions that the Code attributes to the committees; said duties and functions were distributed among the committees only in compliance with the Code's recommendations. The composition, functions, duties, resources and activities of the above-mentioned Committees are described in the subsequent sections of this Report.

## 7. REMUNERATION, NOMINATION AND SUSTAINABILITY COMMITTEE

The Board of Directors has set up an internal Remuneration, Nomination and Sustainability Committee with the task of providing advice and proposals on (i) the remuneration of directors and senior management, (ii) the appointment/replacement of independent directors, (iii) the assessment of the size and composition of the Board itself, and (iv) the supervision of sustainability issues related to business operations and stakeholder relationship dynamics, whilst also approving provisions for this committee's operation. The provisions are available on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/corporate-governance/committee-composition*.

### Composition and operation of the Remuneration, Nomination and Sustainability Committee (pursuant to Article 123-bis, paragraph 2, letter d), TUF)

Pursuant to the committee's own regulations, the Remuneration, Nomination and Sustainability Committee must be composed solely of non-executive directors, of whom at least two shall be independent. During the Financial Year the composition of the Remuneration, Nomination and Sustainability Committee altered as a result of changes in the composition of the Board of Directors. Up until 12 April 2018 — the date on which the

Shareholders' Meeting resolved on the renewal of the Board of Directors due to the expiry of their three-year mandate — the Committee was composed of the following Directors:

- Giovanni Tamburi (Chairman), *Independent Non-Executive Director pursuant to the Code and the TUF*;
- Claudio De Conto, *Independent Non-Executive Director pursuant to the Code and the TUF*;
- Massimo Tononi, *Independent Non-Executive Director pursuant to the TUF*;

After said renewal of the governing body, the newly appointed Board of Directors appointed the following Directors to be members of the Committee:

- Monica de Virgiliis (Chairman), *Independent Non-Executive Director pursuant to the Code and the TUF*;
- Paolo Amato, *Independent Non-Executive Director pursuant to the Code and the TUF*;
- Massimo Tononi, *Independent Non-Executive Director pursuant to the TUF*.

From 18 September 2018 onwards — the date on which the resignation of Mr Massimo Tononi from all positions held in the Company took effect, therefore including his role as a member of the Remuneration, Nomination and Sustainability Committee — the composition of the same Committee was as follows:

- Monica de Virgiliis (Chairman), *Independent Non-Executive Director pursuant to the Code and the TUF*;

- Paolo Amato, *Independent Non-Executive Director pursuant to the Code and the TUF*;
- Claudio De Conto, *Independent Non-Executive Director pursuant to the TUF*.

From 18 September 2018 to the date on which this Report was approved, the composition of the Committee did not undergo any further changes.

The role of Chairman of the Committee, whose duties are essentially the coordination of the committee's work, was assigned to one of the members of said Committee by the Board of Directors. During the appointment process, the Board also verified that each of the members possessed appropriate knowledge and experience in finance and remuneration policy.

The Head of Group Human Resources and Organisation shall act as Committee Secretary, who will draft the meeting minutes, which, after being shared among the Committee members, shall be signed by the Chairman and filed in the Company records.

As stated in its regulation, the Remuneration, Nomination and Sustainability Committee has the following duties:

- evaluate and make proposals to the Board of Directors on the Company's remuneration policy for Directors and Key Managers;
- evaluate and make proposals to the Board of Directors on share-based incentive, stock option and stock grant plans and similar plans, in order to provide incentives and promote loyalty of the management and employees of companies in the Group which the Company heads;
- make proposals or express opinions to the Board of Directors, in the absence of the directly involved parties, on the remuneration of Executive Directors, Directors with particular responsibilities and Key Managers, as well as, at the instruction of the Chairman and of the Chief Executive Officer, to determine the criteria for the remuneration of the Company's senior management in ways that are able to attract, retain and motivate persons with a level of expertise and experience satisfying the Company's needs and are consistent with the remuneration policy. The Committee may also make proposals and express opinions on the portion of remuneration of Executive Directors, Directors with particular responsibilities and Key Managers previously indicated by the Board of Directors, which is linked to the financial results of the Company and Group and/or possibly to the achievement of specific targets previously defined by the Board of Directors, and on the setting of such performance targets. In this case, the criteria for determining the amount of compensation shall be fixed from year to year in relation to the strategic objectives determined from time to time by the Board of Directors;
- make proposals to the Board of Directors, in the absence

of the directly involved parties, for the remuneration of Non-Executive Directors, which must be commensurate with the commitment required from each of these, after taking into account any involvement in one or more of the Company's internal committees. Only a small portion of this remuneration can be linked to the Company's financial results. Non-Executive Directors may be the beneficiaries of share-based incentive plans only on the basis of a reasoned decision by the Shareholders' Meeting;

- periodically evaluate the adequacy, overall consistency and actual application of the remuneration policy for Directors and Key Managers, using information provided by Executive Directors to evaluate actual application and to make general recommendations to the Board of Directors on this matter;
- propose to the Board of Directors candidates for the office of director in the event of being co-opted, when it is necessary to replace independent directors;
- express opinions to the Board of Directors regarding the Board's size and composition and make recommendations on the professional figures whose presence on the Board is considered appropriate;
- make recommendations regarding the maximum number of positions as director or statutory auditor in other companies listed on regulated markets (including foreign markets), and in financial, banking, insurance or large companies, which can be considered compatible with the effective performance of the office of director of the Company, also taking into account directors' participation on Board committees;
- express opinions in support of the Board of Directors' judgement concerning specific matters for which there is a prior, general authorisation to waive the non-compete provisions of Article 2390 of the Civil Code;
- carry out preliminary work in relation to any plan that the Board of Directors might decide to adopt for the succession of the Executive Directors;
- in the event that the outgoing Board of Directors, in compliance with the legislative and statutory provisions in force, evaluates the submission of a slate of candidates for the renewal of the Board, participate in the preliminary activity, express opinions and makes proposals, to identify candidates from among which those who will comprise the slate submitted by the outgoing Board will be chosen;
- supervise sustainability issues linked to the Company's doing business and its interactions with all the stakeholders. In particular:
  - monitoring the Company's position in the main sustainability indices;
  - expressing opinions on the initiatives and programmes promoted by the Company or by

subsidiaries on Corporate Social Responsibility (CSR);

- (iii) examining, before the Board of Directors, the annual sustainability report prepared by the Company's competent departments;
- (iv) as indicated by the Board of Directors, expressing opinions and making proposals concerning specific Corporate Social Responsibility (CSR) issues.

The Committee is permitted to make use of internal or external consultants, to obtain information on market standards for remuneration systems.

During the Financial Year, the Committee held 8 meetings, lasting an average of one and a half hours each, during which it:

- made proposals to the Board on the fixed and variable remuneration measures for some of the Executive Directors and Key Managers;
- issued a positive opinion on the criteria adopted for the incentive policy based on achievement of predefined objectives and on the policies adopted for senior management remuneration;
- examined information on the Prysmian Group's remuneration policy, using it to compile the Remuneration Report, which was then approved by the Board of Directors and also submitted to the Shareholders' Meeting for examination;
- examined the draft Sustainability Report for the Prysmian Group for 2017, expressing a positive assessment of the subject and not offering any additional suggestions;
- verified the achievement of targets for the period, as established in the short-term and long-term incentive plans;
- monitored the implementation of the discounted share purchase plan (YES Plan) approved by the Shareholders' Meeting in 2016, and the results achieved by this plan, reviewing any subsequent adjustments submitted for approval by the Shareholders' Meeting;
- took part in activities for reviewing shortlisted candidates, including identifying those among them who were considered to be the most appropriate for inclusion on the candidate slate presented by the outgoing Board of Directors, at the time of the governing body's renewal;
- examined the design of a new long-term share-based

incentive plan;

- examined the terms of an agreement for concluding the employment relationship of a key manager;
- submitted a proposal to the Board regarding the allocation of the overall compensation awarded to Directors by the Shareholders' Meeting;
- proposed to the Board of Directors to carry out the self-assessment activities relating to the Financial Year with the assistance of an advisor, participating in the selection thereof and submitting to the Board the most suitable candidates.

The average attendance of Committee members at meetings was 96%. These meetings were also attended by the Head of Group Human Resources and Organisation in his role as Committee Secretary. The Board of Statutory Auditors, invited to participate in the Committee meetings, attended them all.

No Directors participated in the Committee meetings when proposals on their remuneration for submission to the Board were examined.

The Committee was provided access to corporate information and received the benefit of assistance from corporate functions, as required for the performance of its duties. In addition, the Committee did not deem it necessary to use additional consultants to those identified from time to time by the relevant company departments for assistance with the preparation of documents and reports in support of the topics discussed during the Committee's meetings and later brought to the attention of the Board.

In the period from the end of the Financial Year until the Board's first meeting during which the Report was approved, four Committee meetings were held. Even though a schedule of meetings has not been set beforehand, it is envisaged that the Committee shall hold a meeting before each Board of Directors' meeting in which the remuneration, director appointments or assessments of the size and composition of the Board of Directors, and/or sustainability topics will be on the agenda.

For additional information about the Remuneration, Nomination and Sustainability Committee, see the Remuneration Report, published pursuant to Article 123-ter TUF, which may be found on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Iinvestors/corporate-governance/remuneration-policy*, clicking on the *Download Remuneration Report 2018* link.

## 8. REMUNERATION OF DIRECTORS

As recommended by the Self-Regulation Code, a significant part of the remuneration of Executive Directors and Key Managers is linked to the Company's financial results and/or the achievement of specific objectives.

Executive Directors and Key Managers are beneficiaries of a long-term share-based incentive plan. They were also given the opportunity to join the three-year discounted share purchase plan (YES Plan) open to Prysmian Group employees, introduced by the Company in 2013 and renewed during 2016. The plan allows them to buy Prysmian shares at a discount, paid in the form of treasury shares, of 1% of the purchase price, with their annual investment capped at Euro 13,335. For details on the aforementioned plans, see the Prysmian Group Consolidated Financial Statements ("Incentive Plans" paragraph of the Report on Operations), the relevant information documents drawn up pursuant to Article 84-bis of the CONSOB Issuer Regulation and the Remuneration Report, published on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/corporate-governance/remuneration-policy*.

\*\*\*

The remuneration of Directors is determined pursuant to Article 2389 of the Civil Code by the Shareholders' Meeting, which may also establish an overall amount for the remuneration due to Directors, including those with particular responsibilities. In this case, the Board of Directors, having examined the Remuneration, Nomination and Sustainability Committee's proposals and after consulting the Board of Statutory Auditors, shall divide the overall amount determined by the Shareholders' Meeting among its members. Directors are eligible for reimbursement of the expenses incurred to carry out their duties (Article 14 of the By-laws).

The Shareholders' Meeting of 12 April 2018 awarded the Board, in addition to reimbursement of expenses incurred in the interests of the Company, an overall gross fee of Euro 600,000 for each of the years it remains in office, to be divided on a pro-rata basis according to the portion of the year that the Directors serve. The Shareholders' Meeting also granted the Board of Directors the authority to decide how such amount should be allocated to all or to just some of the individual directors, taking into account the specific responsibilities of each.

The Board of Directors accepted the recommendation

presented by the Remuneration, Nomination and Sustainability Committee, establishing, for the first year of the mandate, the following allocation of the remuneration: (i) Euro 80,000 to the Chairman of the Board of Directors, (ii) Euro 50,000 to each of the 8 Non-Executive Directors qualifying as independent pursuant to TUF and (iii) Euro 20,000 to each of the 6 members of the Board Committees. For additional information about the Directors and Key Managers remuneration policy, see the Remuneration Report published pursuant to Article 123-ter of the TUF.

\*\*\*

**Indemnity of directors in the event of resignation, dismissal without just cause or termination following a public tender offer** (pursuant to Article 123-bis, paragraph 1 letter i), TUF)

As concerns the agreements between the Company and the directors, which involve indemnity in the cases provided for by Article 123-bis, paragraph 1, letter i), TUF, it should be noted that there are no prior agreements concerning early termination of office or employment that are not in compliance with the Code and Corporate Governance best practices, the law and local collective agreements, and in any event including compensation greater than two years' salary. In compliance with these provisions, agreements were made that provide for indemnity in case of early termination of employment of Valerio Battista, Chief Executive Officer and General Manager, employee of Prysmian S.p.A., with a permanent contract as a manager since 1 June 2006, and of Pier Francesco Facchini, Director and Chief Financial Officer, employee of Prysmian S.p.A., with a permanent contract as a manager since 8 January 2007.

In the event of early termination of employment of the above Executive Directors, who are also Company employees, payment of the above indemnities is not explicitly excluded when employment is terminated for objectively poor performance since these indemnities replace those provided for under the national collective labour agreement for senior managers of companies producing goods and services, which would be payable even when termination is due to poor performance.

Apart from the foregoing, there are no other agreements between the Company and the directors, in the cases provided for by Article 123-bis, paragraph 1, letter i), TUF.

## 9. CONTROL AND RISKS COMMITTEE

The Board of Directors set up a Control and Risks Committee, with the functions of providing advice and proposals to the same Board.

The operation of the Control and Risks Committee is governed by a set of rules, which may be found on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/corporate-governance/committee-composition*.

### Composition and operation of the Control and Risks Committee

*(pursuant to Article 123-bis, paragraph 2, letter d), TUF)*

Pursuant to the committee's own regulations, the Control and Risks Committee must be composed exclusively of non-executive directors, of whom at least two must be independent. During the Financial Year, the composition of the Control and Risks Committee altered as a result of changes in the composition of the Board of Directors. Up until 12 April 2018 — the date on which the Shareholders' Meeting resolved on the renewal of the Board of Directors due to the expiry of their three-year mandate — the Committee was composed of the following Directors:

- Claudio De Conto (Chairman), *Independent Non-Executive Director as per the Code and the TUF*;
- Maria Elena Cappello, *Independent Non-Executive Director as per the Code and the TUF*;
- Maria Letizia Mariani, *Independent Non-Executive Director as per the Code and the TUF*.

Following said renewal of the governing body, the newly appointed Board of Directors named the following Directors to be members of the Committee:

- Claudio De Conto (Chairman), *Independent Non-Executive Director as per the Code and the TUF*;
- Joyce Victoria Bigio, *Independent Non-Executive Director as per the Code and the TUF*;
- Maria Letizia Mariani, *Independent Non-Executive Director as per the Code and the TUF*.

From 18 September 2018 onwards — the date on which the Board of Directors was called to replace a resigning Director, and where said Board decided to partially revise the composition of the Committees who had been in office to that point — the composition of the Committee was as follows:

- Francesco Gori (Chairman), *Independent Non-Executive Director as per the Code and the TUF*;
- Joyce Victoria Bigio, *Independent Non-Executive Director as per the Code and the TUF*;
- Maria Letizia Mariani, *Independent Non-Executive Director as per the Code and the TUF*.

From 18 September 2018 to the date on which this Report was approved, the composition of the Committee did not undergo any further changes.

The role of Chairman of the Committee, whose duties are essentially the coordination of the committee's work, was assigned to one of the members of said Committee by the Board of Directors. During the appointment process, the Board also verified that each of the members possessed adequate experience in accounting and finance or risk management.

The Audit & Compliance Officer shall act as Committee Secretary, who will draft the meeting minutes, which, after being shared among the committee members, shall be filed in the Company records.

Pursuant to its regulation, the Control and Risks Committee has the following duties:

- A) support, with appropriate preliminary preparation, the judgements and decisions of the Board of Directors concerning the internal control and risk management system, as well as those relating to the approval of the periodic financial reports;
- B) provide its opinion to the Board of Directors concerning:
  - (i) the definition of guidelines for the internal control and risk management system, so that the main risks facing the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining to what extent such risks are compatible with the business's management in line with its strategic objectives;
  - (ii) the assessment, at least annually, of the adequacy of the internal control and risk management system with respect to the Company's characteristics and agreed risk profile, as well as its effectiveness;
  - (iii) the approval, at least annually, of the work programme prepared by the Audit & Compliance department;
  - (iv) the description, in the Corporate Governance Report, of the main characteristics of the internal control and risk management system, and expression of its opinion on the system's overall adequacy;
  - (v) the evaluation of the results presented by the independent auditors in any letter of recommendations and in the report on key issues arising from the legal audit;
  - (vi) the appointment and removal of the Audit & Compliance Officer, the allocation to the same of adequate resources to carry out his/her responsibilities and the definition of his/her remuneration in line with company policy.

- C) assist the Board of Directors by:
- (i) evaluating, together with the managers responsible for preparing corporate accounting documents and after consultation with the independent auditors and the Board of Statutory Auditors, the correct application of the accounting standards used and, in the case of groups, their consistency for the purposes of preparing consolidated financial statements;
  - (ii) expressing opinions on specific issues concerning identification of the main business risks;
  - (iii) examining the periodic reports that evaluate the internal control and risk management system and any particularly relevant reports prepared by the Audit & Compliance department;
  - (iv) monitoring the independence, adequacy, effectiveness and efficiency of the Audit & Compliance department;
  - (v) being able to request Audit & Compliance department to perform tests on specific operating areas, notifying the Chairman of the Board of Statutory Auditors at the same time;
  - (vi) supporting, with appropriate preliminary preparation, the Board of Directors' assessments and decisions on risk management arising from prejudicial events that have come to the Board of Directors' attention;
- D) report to the Board of Directors, at least every six months, at the time of the approval of the annual and half-year financial statements, on the work performed and on the adequacy of the internal control and risk management system and by presenting proposals to the Board of Directors in this regard;
- E) in its capacity as the committee identified by the Board of Directors as being responsible for certain functions required by current regulations on related party transactions and in compliance with the corresponding regulations adopted by the company, provide opinions to the body responsible for approving specific related party transactions undertaken by the Company, or its subsidiaries. The Committee is also tasked with prior examination of the aforementioned regulations on related party transactions, any future amendments, and implementing those regulations;
- F) monitor compliance with the Code of Ethics and associated Whistleblowing channel adopted by the Company.

Upon Legislative Decree 39/2010 becoming effective, the Board of Statutory Auditors was identified as the "internal control and financial audit committee", meaning that some of the oversight duties belonging to the Control and Risks Committee were then shared with the Board of Statutory Auditors and conducted in a coordinated fashion.

The Board of Directors has assigned the Control and Risks Committee the duties and functions required of independent directors by the legal provisions concerning related party transactions and, specifically, the task of examining the Company's procedures prior to their adoption (and any future amendments to the same) and of implementing them. During the Financial Year, the Control and Risks Committee held 7 meetings, lasting an average of 2 hours and 15 minutes each (i.e. 27 February, 10 May, 25 July, 18 September, 25 October, 14 November and 14 December). During these meetings, among other issues, the Committee examined:

- the consolidated financial statements for 2017, the half-year financial report for 2018 and the results of the financial audits, as well as the interim management reports;
- the 2018 Audit & Compliance Plan (as proposed by Audit & Compliance department) and subsequent progress of the plan, examining the merits of key results from individual audit and compliance activities undertaken;
- the Group risk map for the 2018 financial year, along with the results of the related Risk Assessment activities undertaken during the year, paying particular attention to risk management strategies proposed by management;
- the audit of the Group risk map following the acquisition of the General Cable company, and the preliminary results from the relevant Risk Assessment activities carried out in the months after the transaction was finalised;
- the risk management activity plan, directed at completing the General Cable integration in line with Group policies and procedures;
- the Risk Appetite framework proposed by the Risk Management department, aimed at defining a formalised and structured process for determining the level of risk that the Group is willing to assume in pursuing its strategic and business objectives;
- the progressive implementation of the company's plan for cyber-protection, of compliance with the regulations on the protection of Personal Data Protection (GDPR) and the IT security of its industrial sites and IT systems;

All the Committee members attended regularly the Committee meetings held during the Financial Year, as did the Audit & Compliance Officer (also acting in his role as Committee Secretary and Group Chief Risk Officer). The Chairman of the Board of Statutory Auditors, and/or other Standing Auditors in his stead, were also present at the same Committee meetings, along with employees and experts, including external audit representatives who were invited by the Committee to participate in an advisory capacity from time to time, in relation to particular items on the agenda. The Committee was provided access to corporate

information and received the benefit of assistance from corporate functions, as required for the performance of its duties. In addition, the Committee did not deem it necessary to use additional consultants to those identified from time to time by the relevant company departments for assistance with the preparation of documents and reports in support of the topics discussed during the Committee's meetings and later brought to the attention of the Board. During the meeting of 14 December 2018, the Committee

defined a schedule of meetings and agenda for the 2019 Financial Year, which envisaged, among other things, that the Committee meets at least quarterly at the end of the financial periods for which the Board of Directors is obligated to draft financial reports to be released to the market. In conclusion, it is noted that, during the current year, the Committee held three meetings before the Board of Directors' meeting that approved the Report.

## 10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors of the Parent Company has defined, through appropriate guidelines approved as from February 2013, subsequently updated on 25 February 2014 and on 1 March 2017, the principles underlying the Internal Control and Risk Management System (IC&RMS) to guide the identification, measurement, management and monitoring of the Group's most significant risks, in line with the Group's strategic objectives.

The IC&RMS shall apply to the Company and all Group subsidiaries. This system, integrated with corporate processes, aims to provide an appropriate structure for the pursuit of the Group's medium- to long-term objectives, so that any internal and/or external situations that might jeopardise the achievement of those objectives are promptly dealt with. Therefore, the Board of Directors shall use, in implementation of the provisions of the Self-Regulation Code, the Control and Risks Committee, the Compliance & Audit Officer, and the Risk Management Department guided by the Group's Chief Risk Officer (CRO), the Supervisory Boards of the Group's Italian companies set up pursuant to Legislative Decree 231/2001, and the managers responsible for preparing the corporate accounting documents.

The IC&RMS shall be implemented through a complex set of rules of conduct (including the Code of Ethics and Group Rules of Conduct), organisational procedures and provisions set out and disseminated by the Group and through regular internal and external assessments.

Starting from 2012, Prysmian began to use an evolutionary Risk Management system, which fosters proactive risk management, using a structured and systematic tool to support the main corporate decision-making processes. This Enterprise Risk Management (ERM) model, developed in line with internationally acknowledged models and best practices, enables the Board of Directors and top management to regularly and dynamically analyse — that is, taking into account the changes in the business, in its

demands and in the events with potential impact over time — the nature and level of the Group's risks, consistently with the Group's strategic objectives defined in line with the Group's risk appetite, thereby identifying risk management strategies to be adopted, i.e. for which risks and with what priority it is deemed necessary to implement, improve or optimise risk mitigation measures, or more simply, to monitor the Group's exposure to risk over time.

Please note that on 10 May 2018, the Board of Directors approved the Prysmian Group Risk Appetite Framework, following the favourable opinion of the Control and Risks Committee and upon the proposal of the Risk Management department. This framework is aimed at defining a formalised and structured process for determining the level of risk that the Group is willing to assume in pursuing its strategic and business objectives.

The ERM model adopted, formalised in the Group ERM Policy, which incorporated the IC&RMS guidelines, is: (i) extended to all types of potentially significant risk for the Group, detailed in the Risk Model, which divides the internal or external risk areas that characterise the Prysmian Group's business model into five groups (strategic, financial, operational, legal & compliance and planning & reporting); (ii) a common, clearly defined method for measuring and assessing specific risk events in terms of their impact, probability of occurrence and level of adequacy of the existing control system.

The Control and Risks Committee is regularly updated, through the participation of the CRO — appointed as of 2013 to govern the ERM process — in all Committee meetings, on the development of the Group ERM programme and on the outcome of the analysis of the actions implemented. The CRO first reports to an internal risk management committee comprised of Group senior management.

Each year, the abovementioned process involves the Group's main business managers, enabling them to identify and assess the most significant risk factors and set out targeted

mitigation measures, permitting the Audit & Compliance Officer to develop a risk-based Compliance and Audit Plan for the next financial year, subject to the Board of Directors' approval. The periodic assessment, in compliance with the amendments to the Self-Regulation Code which were published in the edition of July 2015 and for the purposes of preparing the so-called non-financial reporting pursuant to Legislative Decree 254/2006, also incorporates the goal of understanding and managing the Group's need for sustainable economic, environmental and social policies, ensuring that value is created for its shareholders/ stakeholders over time.

As from 1 January 2016, the Board of Directors has also assigned the Remuneration and Nomination Committee the task of supervising sustainability matters connected to the Group's activities, as described in paragraph 7 of this Report. The name of the committee was also changed into Remuneration, Nomination and Sustainability Committee. For additional details on the main risks and Group management of sustainability matters that emerged from the analysis performed, see the Prysmian Group Consolidated Financial Statements, paragraph "Risk factors and uncertainties" contained in the Report on Operations, and the Sustainability Report for the Financial Year, which is available on the company website at [www.prysmiangroup.com](http://www.prysmiangroup.com) in the "Sustainability" section.

An Audit & Compliance Officer was appointed by the Board of Directors in July 2016, and that role takes on the duties and responsibilities that the Self-Regulation Code attributes to the Head of Internal Audit, along with the responsibility to independently and objectively verify that the IC&RMS functions are performed suitably and effectively.

The Audit & Compliance Officer reports on his/her actions and operations hierarchically to the Prysmian Group Board of Directors, as well as to the Director responsible for the internal control and risk management systems, to the Control and Risks Committee and to the Board of Statutory Auditors.

The identification and planning of internal audits initiated by the Audit & Compliance department therefore starts from the main risks that emerged within the scope of the ERM process, and then takes into consideration:

- (i) the results of the internal control activities undertaken in previous years and the relevant recommendations, in order to identify possible internal control trends and/or deficiencies that should be further analysed;
- (ii) any need for additional details on the corporate areas/ processes highlighted by senior management.

The Audit Plan for 2018, based on the results of the 2017 risk assessment performed within the scope of the ERM process, was approved by the Board of Directors, with a favourable opinion from the Control and Risks Committee and after having heard the opinion of the Board of Statutory Auditors

and the Director responsible for the internal control and risk management system, at the meeting on 27 February 2018.

In performing internal audit activities, the Audit & Compliance Officer and the relevant department's staff are given complete access to all the significant data, documentation, information and personnel for the performance of their function.

Any deficiencies and/or improvement measures that emerged within the scope of the audit activities provide for the immediate definition of actions to be taken to mitigate potential underlying risks, according to a priority order whose implementation is regularly monitored by the Audit & Compliance department.

The Audit & Compliance Officer reports to the Control and Risks Committee, where he also performs the functions of Secretary, with regards to the progress of the Compliance and Audit Plan, including any problems found, improvement measures agreed and their implementation, proposing changes to the original plan, where necessary.

Regular reporting to the Control and Risks Committee allows the Audit & Compliance Officer to annually provide an assessment on the adequacy and proper operation of the IC&RMS for the processes and areas under his/her responsibility. The Board, with the favourable opinion of the Control and Risks Committee, shall in its turn assess the adequacy, efficacy and effective operation of the internal control and risk management system at the meeting when the draft financial statements for the year are examined. As concerns this Financial Year, this assessment was performed on 27 February 2018, leading to the judgement of essentially satisfactory operation.

In line with existing best practices in the national and international arena, the Prysmian Group has also adopted a system for collecting and managing alerts for any irregularity or presumed violation of standards and/or company policies and procedures (the so-called "Whistleblowing policy"). In such a situation, the Whistleblowing policy offers all staff in the Group (employees or otherwise) the possibility to report, also online and anonymously, any incorrect behaviour or presumed illicit activity that may have occurred within the organisation. To this end, two channels have been launched for collecting reports, consisting of dedicated telephone lines and a web portal. Both channels are operated independently and are available in any of the 26 languages in use by the Group.

## Main features of the internal control and risk management system over the financial reporting process, also consolidated

(pursuant to Article 123-bis, paragraph 2, letter b), TUF)

With particular reference to the financial reporting process, the analysis of the relevant risks and applicable internal controls are part of the Group's IC&RMS:

- (i) the ERM process takes into account the risks linked to corporate planning and financial reporting as well as some aspects of compliance including compliance with Law 262/2005 (the so-called "Savings Law");
- (ii) the Audit & Compliance department prepares the Group Compliance and Audit Plan, which integrates the requirements for operations, security and reliability of the reporting systems and compliance with Law 262/2005 and Legislative Decree 231/2001;
- (iii) Prysmian maintains a system of administrative and accounting procedures aimed at ensuring the fairness, accuracy, reliability and timeliness of its financial reporting. These include:
  - Group Accounting Manual, which sets out accounting standard rules and applications;
  - Administrative Processes Manual; procedures for the creation and distribution of financial reporting;
  - other procedures for the preparation of the Consolidated Financial Statements and periodic financial reports (including the chart of accounts, consolidation procedures and procedures for related party transactions).

The Prysmian Group's head office departments are responsible for distributing this documentation to operating companies, which can access these accounting standards, procedures and rules through the Group's Intranet site. The operating companies may also issue local policies, procedures and rules that comply with centrally established guidelines.

In 2018, following the introduction of new accounting standards — *IFRS 15 Revenue from Contracts with Customers* and *IFRS 9 Financial Instruments* — it was necessary to update the Group Accounting Manual, and this work is still being

finalised.

Updates to other administrative and accounting procedures are almost complete. These updates have been directed at incorporating changes that occurred following the administrative reorganisation, which required a shared service centre to be introduced for all European countries. Within the scope of compliance with Law 262/2005, the Managers responsible for preparing corporate accounting documents, supported by the Audit & Compliance department, began a scoping update, aimed at identifying those Group companies included in the scope of consolidation and the processes and sub-processes to be deemed significant for financial reporting. The analysis was performed on the basis of economic and financial criteria set out as percentages and analysed in relation to qualitative parameters linked to the country/process risk level, the maturity of the internal control system, and strategic relevance in relation to Group growth expectations. Based on the scoping results, in 2018 the analysis of significant companies' processes and sub-processes was undertaken considering the potential risks connected to a failure to comply with "accounting assertions" – existence and occurrence, completeness, assessment and recording, presentation and reporting, rights and obligations – for each financial statement item deemed significant. In view of the risks encountered, the Audit & Compliance department defined specific testing activities provided for by the Audit Plan, aimed at verifying the effectiveness of its design and its actual operation. Action plans, concerning potential areas for improvement identified during the checks undertaken and aimed at strengthening existing controls or adjust its weaknesses, were agreed with each process manager or reporting company. The Audit & Compliance department monitors the implementation of the actions defined in the audit activities above.

The results of the activities undertaken pursuant to Law 262/2005 are regularly subject to examination by the managers responsible for preparing the corporate accounting documents and then, at least every six months, they are brought to the attention of the Control and Risks Committee, the Board of Statutory Auditors and the Board of Directors of the Parent Company.

## 10.1. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors appointed on 10 May 2018 Valerio Battista, Chief Executive Officer and General Manager, as the Director in charge of supervising the operation of the internal control and risk management system. Within the scope of his responsibilities, in 2018, the Director in charge implemented the IC&RMS guidelines defined by the Board, specifically focussing on:

- (i) its design, creation and management, as well as constant assessment of its adequacy and efficiency;
- (ii) update based on the development of operational conditions and the regulatory and legislative framework;
- (iii) identification of the main corporate risks, in line with the existing ERM process, taking into account the characteristics of the Group, whose results are regularly subject to examination by the Board of Directors.

- (iv) definition and implementation of the Risk Appetite Framework to support the Group's decision-making processes, in regards to both strategy and business operations.

In addition, the Director in charge:

- may request, whenever deemed necessary, that the Audit & Compliance department undertakes specific control and verification activities in compliance with the timely reporting to be provided to the Chairmen of the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors;
- promptly reports to the Control and Risks Committee on any problems and critical issues that may emerge during his work or that he has become aware of, so that the Committee may take appropriate action.

## 10.2. HEAD OF AUDIT & COMPLIANCE DEPARTMENT

With effect from 28 July 2016, the Board of Directors decided to establish a Compliance department in order to support the internal control and risk management systems. They appointed Alessandro Nespoli as the Audit & Compliance Officer, on the suggestion of the Director in charge of internal control and risk management systems, and after also receiving favourable endorsement from the Control and Risks Committee and the Board of Statutory Auditors. The Audit & Compliance Officer was entrusted with the responsibility of leading the Audit & Compliance department. Consequently, he was endowed with the duties and responsibilities that the Self-Regulation Code attributes to the Head of Internal Audit. Following the same procedure, the Board also defined the remuneration of the Head of the Audit & Compliance Department in compliance with the provisions of the Self-Regulation Code. This was done in line with corporate policies, ensuring that he is also provided with adequate resources to fulfil the responsibilities of the role.

Subsequently, on 4 April 2017, Giorgio Totis was appointed as Group Compliance Director, reporting directly to the Audit & Compliance Officer. The Group Compliance Director deals with activities such as promotion, development and implementation of training policies and programmes as per the Audit & Compliance Plan (e.g., anti-corruption, antitrust, trade compliance and privacy).

Nonetheless, the Group decided to maintain a structure dedicated to Internal Audit, under the direction of Laurida Sayed, who as from 11 June 2018 replaced the previous

director Marc Sinagra as Head of Internal Audit (HIA).

Therefore, the Internal Audit department enriched by the addition of the Compliance function, is a broader and more structured department.

In compliance with the Code, and as the HIA previously, the Audit & Compliance Officer (i) is hierarchically dependent on the Board of Directors that appointed him and shall also report to the Director in charge of the internal control and risk management system, the Control and Risks Committee and the Board of Statutory Auditors. The HIA (ii) has no responsibility in any operational area even though he has direct access to all information useful for the performance of his functions.

The Audit & Compliance Officer, is in charge of verifying, on an ongoing basis, that the internal control and risk management system duly and adequately operates in relation to specific requirements and in compliance with international professional standards. Therefore, the Audit & Compliance Officer shall draft an annual Group Compliance and Audit Plan based on the risk assessment performed within the scope of the ERM process set out in the previous financial year – see section 10 of the Report. The Audit & Compliance Plan for the Financial Year was approved by the Board of Directors on 27 February 2018.

Hence, during the Financial Year, the Audit & Compliance Officer has:

- (i) assessed the operation and adequacy of the internal control and risk management system based on the

- Audit & Compliance Plan approved by the Board of Directors, including specific checks on the reliability of the accounting and reporting systems. In this regard, he employed specialised external experts to perform certain IT activities provided for by the Audit Plan, defining and monitoring their execution. He reported the outcomes of his verifications to the Control and Risks Committee and the Board of Statutory Auditors at regular meetings;
- (ii) reported on his own work at meetings with the Control and Risks Committee and the Board of Statutory Auditors. He takes part in the Committee meetings as Secretary and coordinates the discussions. If requested by the Board of Statutory Auditors, he reports during their quarterly inspections on the issues in the scope of his responsibility;
  - (iii) regularly reported on his own activities, his risk management methods, on particularly significant

events, and the compliance with the plans set out to contain risk, whilst also providing an assessment - as concerns the areas and processes verified - of the satisfactory operation of the internal control and risk management system. These reports are sent to the Chairmen of the Board of Statutory Auditors, of the Control and Risks Committee and to the Director in charge of the internal control and risk management system.

Finally, it should be noted that after receiving a favourable opinion from the Control and Risks Committee, the Board of Directors appointed Giorgio Totis as Data Protection Officer on 10 May 2018, in accordance with the requirements of the new Regulation (EU) no.2016/679 on data protection (GDPR - General Data Protection Regulation). This appointment was in addition to his current role as Group Compliance Director.

## 10.3. ORGANISATIONAL MODEL

*(pursuant to Legislative Decree 231/2001)*

In compliance with the recommendations of Legislative Decree 231/2001 ("Decree 231"), on 24 January 2006, Prysmian S.p.A. Board of Directors adopted its own organisational, management and control model (the "Model"), last updated by resolution dated 1 March 2017. The other Italian companies in the Group in turn adopted their own Model consistent with the different specifications and circumstances applying to each one of them.

The Model is regularly subject to revision, consistently with legislative developments on the administrative crimes and offences pursuant to Decree 231, the dynamics of the Group's corporate governance system and organisational structure, in order to ensure its relevance and effectiveness over time. In particular, the Models adopted by Prysmian and each of the Italian companies in the Group were updated in 2017, so as to align the Models with current operating practices and organisational changes that have occurred over time.

The Model, which is an integral part of the Group's governance system, has been conceived to operationally draw up appropriate rules of conduct that will prevent illicit behaviour deemed significant by the Company pursuant to Decree 231, based on an analysis of corporate activities, decision-making processes and the existing control system. The Company has therefore deemed it appropriate to regulate processes and strengthen the internal control systems as specifically concerns the following crimes and offences provided for by Decree 231: Articles 24 and 25 (crimes against the Public Administration), Article 24-bis (computer crimes and unlawful data processing), Article

25-bis, paragraph 1 (crimes against industry and trade), Article 25-ter (corporate offences, including the crime of "Corruption in the private sector"), Article 25-sexies (market abuse), Article 25-septies (unintentional manslaughter and serious or most serious injuries committed in breach of the rules on health and safety at work), Article 25-octies (receiving, laundering and using money, goods or benefits of illicit origin, and self-laundering), Article 25-undecies (environmental crimes) and Article 25-duodecies (employment of illegally staying third-country nationals).

The Model has two sections:

- a) Section One has a general nature aimed at illustrating the content of Decree 231, the rules of governance and the Model's general standards. In this regard, the following are an essential part of it:
  - the Code of Ethics, which sets out the ethical standards of conduct that all who do business on behalf of Prysmian or its subsidiaries are obligated to comply with. This document is published on the Prysmian website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/corporate-governance* and on the Group's intranet. For the purposes of its widest possible distribution, the Code of Ethics has been translated into 26 languages and is made available to every one of the Group's subsidiaries, with regular training sessions offered to employees and staff.
  - Rules of Conduct, which lay down the main standards of conduct expressed by the above-mentioned Code of Ethics, detailing areas of conduct

in two categories of “to do” and “not to do”, thereby responding to the need of prevention of possible crime-risk situations.

- b) Section Two, aimed at identifying and regulating specific types of conduct to be maintained in areas identified as potentially at risk of crime for the Company, through the definition of specific protocols for decision making, management and control, which, when implementing the standards of conduct as set out in the Code of Ethics and the Rules of Conduct, govern for each crime-risk process: (i) roles and responsibilities of the subjects involved, (ii) decision making/authorisation procedures, (iii) procedures for management and control of activities.

An extract of the Model, in its latest version approved by the Board of Directors on 1 March 2017, may be viewed on the Company website at [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/corporate-governance*.

### Supervisory Board

In compliance with Legislative Decree 231/2001, the Company has set up a Supervisory Board, appointed to its current office by the Board of Directors on 12 April 2018 with its term ending at the same time as the current Board of Directors, currently foreseen as the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2020. The Supervisory Board, comprising several members, has the duty of supervising the operation of and compliance with the Model and ensuring

its update through submission of proposals to the Board of Directors. The Board also resolved a €100,000 annual expense provision, which was partially used in 2018 for audit activities, to provide the Supervisory Board with suitable financial resources for its activities.

The Board of Directors deemed it appropriate, at the time of its appointment, to set up a specific Supervisory Board, instead of entrusting the task to the Board of Statutory Auditors as permitted by recent amendments to the above-mentioned legislative decree. This choice was deemed appropriate to meet the independence and competence requirements, both fundamental to ensure that the Supervisory Board's actions are authoritative and effective. The members of the Supervisory Board currently in office, qualified and possessing the integrity requirements as defined by the Model are: Maria Luisa Mosconi, Chairwoman, and self-employed professional, Silvano Corbella, self-employed professional and expert consultant on the application of Legislative Decree 231/2001 and Alessandro Nespoli, Audit & Compliance Officer.

During the Financial Year, the Company's Supervisory Board met four times and, with the support of the Internal Audit Department, verified the actual application and awareness of the rules of control and conduct pursuant to Legislative Decree 231/2001, supplementing the Group Audit Plan approved by the Board of Directors.

Every six months, the Supervisory Board, through the results of the checks it makes, reports to the Board of Directors on the Model's application and effectiveness.

## 10.4. INDEPENDENT AUDITORS

The independent audit of the accounts is entrusted, by law, to a specialist firm registered at the Register of Auditors held by the Ministry of Economy and Finance. The By-laws state that this assignment must be conferred by the Shareholders' Meeting following a reasoned proposal by the Board of Statutory Auditors.

The serving independent auditors are Ernst & Young S.p.A. They were engaged by the Shareholders' Meeting of 16 April 2015 to carry out the independent statutory audit of the Company's financial statements and Prysmian Group's consolidated financial statements and to perform a limited

review of the Company's half-year financial reports for the period 2016-2024. The engagement will end with the approval of the financial statements for the year ended 31 December 2024.

During the Financial Year, the serving independent auditors met with the Group's other control bodies several times. They were invited to participate in both the Control and Risks Committee meetings to discuss significant events and the activities performed for the half-year reporting periods, and the Board of Statutory Auditors meetings to discuss regular control activities. Minutes were taken in all of the meetings.

## 10.5. MANAGER RESPONSIBLE FOR PREPARING CORPORATE ACCOUNTING DOCUMENTS

The Board of Directors, with the favourable opinion of the Board of Statutory Auditors, jointly appointed the heads of the “Financial Statements & Compliance” and “Planning & Controlling” departments as the Managers responsible for preparing corporate accounting documents (“Responsible Managers”). In making this choice, the Board of Directors took account of the Group’s organisational structure and the national best practices adopted by other listed companies, also supported by an interpretation published by Assonime<sup>1</sup> [Association of the Italian Joint Stock Companies], which recommends keeping the office of Manager responsible for corporate accounting documents separate from Board members, because the two offices have different and independent responsibilities.

Hence, the Responsible Managers currently in office are Carlo Soprano, Head of Financial Statements & Compliance, appointed on 10 November 2011, effective as of the following day, and Alessandro Brunetti, Head of Planning & Controlling, appointed on 27 February 2018, effective as of 1 April 2018.

In compliance with Article 19 of the By-laws, both Responsible Managers possess the requisites of professionalism and competence, having also gained at least three years of overall experience through the performance of at least one of the following activities:

- a) administration, control or executive duties in a business environment;
- b) professional activities in the field of credit, finance, securities or insurance;
- c) university lecturing on subjects relating to law or economics;
- d) administrative or executive functions with public entities or authorities pertaining to the credit, finance, securities or insurance sector or with public entities or authorities not pertaining to these sectors as long as their duties involved managing economic and financial resources.

The Board of Directors has granted both Responsible Managers all powers and authorities necessary for the performance of their duties pursuant to the applicable

provisions of the TUF and the relevant implementation regulations. Specifically, the Responsible Managers may:

- directly access all the information used for the production of accounting data, making use of internal communication channels, which ensure a proper exchange of information among the different corporate departments and bodies. Those powers may be also exercised with subsidiaries and the corporate hierarchies of the consolidated companies;
- lay down administrative and accounting procedures, also providing proposals and evaluations on all procedures already adopted by the Company and the Group;
- request the Audit & Compliance department support for the update of the Model to comply with Law 262/2005;
- deal directly with the independent auditors, the Control and Risks Committee and the Board of Statutory Auditors.
- participate directly in the Board of Directors’ meetings or by way of the Control and Risks Committee and the Board of Statutory Auditors.

In addition, the Responsible Managers, together with the Chief Executive Officer, shall certify, through a specific report drafted according to the model established by CONSOB regulation and annexed to the separate financial statements, the consolidated financial statements and the condensed half-year financial reports, that: (i) the administrative and accounting processes have been adequately and effectively applied, (ii) these documents correspond to the accounting records and books and (iii) they are able to provide a true and fair view of the financial, economic and equity situation of the Company and of the group of companies included in the scope of consolidation.

The Responsible Managers shall also issue specific statements certifying that interim financial information (e.g., interim reports on operations and/or press releases issued to the market) corresponds to the accounting records and books of the Company and of the group of companies included in the scope of consolidation.

1 See Assonime Circular No. 44 of 2 November 2009.

## 10.6. COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Prysmian Group fosters the exchange of information among the bodies involved in governance of the internal control and risk management system, whose continuity and timeliness shall be ensured through:

- participation of the Board of Statutory Auditors in the Control and Risks Committee meetings;
- participation of the Responsible Managers in the Control and Risks Committee meetings at least twice a year;
- regular reporting to the Control and Risks Committee, the Board of Statutory Auditors and to the Director in charge and to the Board of Directors by the Audit & Compliance Officer and the CRO, on the work done concerning the internal control and risk management system;
- the exchange of information between the Control and Risks Committee, the independent auditors and the Responsible Managers concerning the accounting standards applied and the adequacy of the administrative and accounting procedures applied for preparing the Company's and the Group's financial reports;
- regular reporting to the Board of Directors and the Board of Statutory Auditors by the Supervisory Board.

## 11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

In view of the provisions and guidelines contained in CONSOB Resolution 17221 of 12 March 2010, as subsequently amended, the Board of Directors has voted to adopt a set of "Procedures for Related Party Transactions" which may be found on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/corporate-governance*.

These procedures govern, inter alia: (i) the roles of the different parties directly involved in the procedures (for example, the Shareholders' Meeting, the Board of Directors, the committee of independent directors, heads of department, etc.); (ii) the gathering, management and diffusion of information concerning the Prysmian list of related parties; (iii) how transactions that the Company intends to carry out with related parties should be prepared and approved; (iv) how and when information and documentation concerning proposed transactions should be made available; (v) exemption from the procedures for certain types of related party transactions and under certain

circumstances.

As recommended in CONSOB Communication DEM/10078683 of 24 September 2010, in 2013 the Board of Directors, with the approval of the committee of independent directors, reviewed the above procedures, concluding that there was no need for them to be revised.

Still during 2013, these procedures were updated, with the approval of the relevant committee, in order to implement the new policy adopted for identifying Key Managers, modified upon decision of the Board of Directors.

Recently, in 2016, these procedures were again updated to align groups of individuals who are covered by the same procedures with the changes in the organisational structure of the Group.

Related party transactions, if any, are detailed in the notes to the financial statements in the section entitled "Related party transactions".

## 12. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to the By-laws, the appointment of the Statutory Auditors takes place based on slates presented by shareholders who, alone or together with other shareholders, hold shares representing at least 2% of share capital with voting rights, or with a lower percentage established by law or regulation. 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. In compliance with CONSOB Resolution no.13 of 24 January 2019, the minimum shareholding requirement for submitting the candidate slates for 2019 is 1%.

The By-laws (Article 21) contains the procedures for the submission of slates, for compliance with applicable legislation concerning balance of genders, the conduct of elections, the voting process and the replacement of statutory auditors who cease to hold office during their mandate.

In particular, it should be noted that slates with a total number of candidates equal to, or greater than, three must comprise candidates belonging to both genders, so that the less represented gender is at least one third (rounded upwards) of the candidates for the office of Standing Statutory Auditor and at least one third (rounded upwards) of the candidates for the office of Alternate Statutory Auditor.

The first two candidates on the slate with the highest number of votes and the first candidate on the slate with the second highest number of votes, who also assumes the position of Chairman of the Board of Statutory Auditors, are elected as standing statutory auditors. The first candidate on the slate with the highest number of votes and the first candidate on the slate with the second highest number of votes are elected as alternate statutory auditors.

If the above procedures do not ensure that the composition of the standing members of the Board of Statutory Auditors complies with the currently applicable regulations on balance of genders, the necessary replacements will be made from among the standing statutory auditor candidates on the slate with the highest number of votes, in accordance with the numerical order in which candidates are listed.

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.

Pursuant to the By-laws, members of the Board of Statutory Auditors must fulfil the requirements of professionalism, integrity and independence set out in the applicable legislation. In particular, for the purposes of Article 1, paragraph 2, letters B) and C) of Ministry of Justice Decree 162 of 30 March 2000, the business sectors and fields viewed as strictly pertinent to the Company are those relating to the Company's sector of operations, as well as fields relating to private and commercial law, economic disciplines and those relating to the Company's business sector.

The appointment of the current Board of Statutory Auditors took place on 13 April 2016, when the Shareholders' Meeting elected the new statutory auditors using the slate voting system.

At that time, the following two slates of candidates were filed for renewal of the Board of Statutory Auditors:

- **Slate 1**, submitted by the shareholder Clubtre S.p.A. owner, on that occasion, of 12,690,312 ordinary shares equal to 5.856% of Prysmian share capital:

Section One Standing Statutory Auditors	Section Two Alternate Statutory Auditors
1. Paolo Lazzati	1. Michele Milano
2. Laura Gualtieri	

- **Slate 2**, submitted jointly by the shareholders Aberdeen Asset Management PLC manager of the funds: Abbey Life Assurance Company Limited, Abbey Life Assurance Company Limited, Hbos International Investment Funds ICVC – European Fund, Aberdeen Investment Funds UK ICVC II Aberdeen European Equity Enhanced Index Fund, Scottish Widows Overseas Growth Investment Funds ICVC – European Growth Fund and Scottish Widows Investment Solutions Funds ICVC – European (Ex UK) Equity Fund; Aletti Gestielle SGR S.p.A. manager of the funds: Gestielle Obiettivo Italia and Gestielle Cedola Italy Opportunity; Anima SGR S.p.A. manager of the funds: Fondo Anima Sforzesco and Fondo Anima Visconteo; APG Asset Management S.V. manager of the fund Stichting Depositary APG Developed Markets Equity Pool; Arca S.G.R. S.p.A. manager of the fund Arca Azioni Italia; Etica SGR S.p.A. manager of the funds: Fondo Etica Azionario, Fondo Etica Bilanciato, Fondo Etica Rendita Bilanciato and Fondo Etica Obbligazionario Misto; Eurizon Capital S.G.R. S.p.A. manager of the funds: Eurizon Azioni Internazionali, Eurizon Azioni Area Euro, Eurizon Azionario Internazionale Etico,

Eurizon Azioni Europa, Eurizon Azioni Italia, Eurizon Azioni PMI Europa and Malatesta Azionario Europa; Eurizon Capital SA manager of the funds: Eurizon EasyFund - Equity Small Cap Europe, Eurizon EasyFund - Equity Italy LTE, Eurizon EasyFund - Equity Euro LTE, Eurizon EasyFund - Equity Europe LTE, Eurizon EasyFund - Equity Italy and Eurizon Easy Fund – Equity Europe; FIL Investments International – Fidelity Funds Sicav; Fideuram Investimenti S.G.R. S.p.A. manager of the fund Fideuram Italia; Fideuram Asset Management (Ireland) Limited manager of the funds: Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav manager of the fund Interfund Equity Italy; Generali Investments Sicav manager of the fund Euro EQTY MID CAP; Generali Investments Europe SGE S.p.A. manager of the funds: Alto Bilanciato and Alto Internazionale Azionario; JP Morgan Asset Management manager of the funds JP Morgan Funds; Legal & General Investment Management Limited - Legal & General Assurance (Pensions Management) Limited; Mediolanum Gestione Fondi SgrpA manager of the fund Mediolanum Flessibile Italia; Mediolanum International Funds Limited - Challenge Funds – Challenge Italian Equity; Pioneer Asset Management SA manager of the funds: PF-Italian Equity and PSF European Equity Market Plus; Pioneer Investment Management SGRpA fund manager Pioneer Italia Azionario Crescita and Ubi Pramerica SGR manager of the funds: Ubi Pramerica Azioni Italia, UbiPramerica Multiasset Italia and UbiPramerica Azioni Euro, for a total of 11,215,641 ordinary shares equal to 5.175% of Prysmian S.p.A. share capital, whose ownership has been certified as at the date of the list's presentation for 8,968,206, equal to 4.138% of the Prysmian S.p.A. share capital:

indicated in Slate 1 were appointed as members of the Board of Statutory Auditors, voted by the majority of those with voting rights participating in the Shareholders' Meeting, equal to approximately 82% of the share capital present or represented, and the first two candidates indicated in Slate 2 were voted by a minority of those with voting rights participating in the Shareholders' Meeting, equal to approximately 14.6% of the share capital present or represented.

Therefore, taking account of the aforementioned Shareholders' Meeting vote and of the legislation concerning protection of minority interests as incorporated in Prysmian By-laws, the Board of Statutory Auditors was composed as follows:

- **Pellegrino Libroia**, Chairman of the Board of Statutory Auditors, drawn from Slate 2,
- **Paolo Francesco Lazzati**, Standing Statutory Auditor, drawn from Slate 1,
- **Laura Gualtieri**, Standing Statutory Auditor, drawn from Slate 1,
- **Michele Milano**, Alternate Statutory Auditor, drawn from Slate 1,
- **Claudia Mezzabotta**, Alternate Statutory Auditor, drawn from Slate 2.

The three-year term of the Board of Statutory Auditors currently in office will expire on the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2018.

Lastly, the Shareholders' Meeting set the annual remuneration for the Chairman of the Board of Statutory Auditors at Euro 75,000 and at Euro 50,000 for the annual remuneration of each Standing Statutory Auditor. The composition of the Board of Statutory Auditors has not undergone any changes since the close of the year.

Section One Standing Statutory Auditors	Section Two Alternate Statutory Auditors
1. Pellegrino Libroia	1. Claudia Mezzabotta

## 13. COMPOSITION AND FUNCTIONS OF THE BOARD OF STATUTORY AUDITORS

*(pursuant to Article 123-bis, paragraph 2 letters d) and d-bis), TUF)*

As required by Article 2409-bis of the Civil Code, the independent statutory audit of the accounts was entrusted to an auditing firm, that must comply with the regulations

applying to audits of listed companies and is under CONSOB supervision.

The Board of Statutory Auditors is therefore required to

monitor the Company's compliance with the law and its articles of association and to comply with good management principles in the conduct of its business, and to control the adequacy of the Company's organisational structure, internal control system and administrative accounting system.

Pursuant to the effects of Legislative Decree 39/2010, the Board of Statutory Auditors was identified as the "Internal Control and Financial Audit Committee", meaning that it has supervisory duties over the financial reporting process, the effectiveness of the systems of internal control, internal audit and risk management, over the statutory audit of the separate and consolidated annual accounts and over the independence of the external auditing firm.

The Board of Statutory Auditors held 6 meetings during the Financial Year, attended by an average of 100% of its members. The average Board of Statutory Auditors meeting lasted about two hours and ten minutes. The Statutory Auditors also ensured their presence at the one and only Shareholders' Meeting held during the year, and at the meetings of the Board of Directors, of the Remuneration, Nomination and Sustainability Committee and of the Control and Risks Committee.

During this financial year, the Board of Statutory Auditors held 2 meetings before the one in which the Report was approved, while no other meetings have been scheduled, since the term of office for the Board of Statutory Auditors is due to expire soon, i.e. on the date the financial statements for the last financial year will be approved.

\*\*\*

## Personal and professional details of each statutory auditor

Below are short curricula vitae for each Statutory Auditor, describing their personal details, field of expertise and past experience in business management.

### Pellegrino Libroia

#### *Chairman of the Board of Statutory Auditors*

He holds a degree in Economics and Business, obtained in 1970, from the University of Pavia. He qualified as a certified accountant in 1977 and has been an authorised statutory auditor since 1995. From 1970 to 1977, he worked as an auditor for Peat Marwick & Mitchell (now KPMG). From 1977 to 1981, he worked as an auditor for FIDIMI S.p.A., a company that merged in 1982 with Reconta Touche Ross, now known as Ernst & Young S.p.A., where he held the position of auditor partner from 1982 until 2010, providing audit services to major listed and unlisted groups, such as Italgas, Edison, Gemina, Aem Milano, Campari, RCS Editori, SNIA, Mondadori and Pirelli. In this position, he was the author of important fairness opinions issued in accordance with the law and gained extensive experience

in acquisitions of companies and/or businesses by Italian groups, as well as in the listing of Italian companies on the Milan Stock Exchange. From 2005 until 2010, he was Chairman of Reconta Ernst & Young S.p.A., as well as Country Managing Partner of the Ernst & Young Italian network and Ernst & Young Mediterranean Sub Area Managing Partner (Italy, Spain and Portugal). In July 2010, he was one of the founders of Studio Legale Tributario Societario, a corporate and tax law firm. Since January 2015, he has been a partner of Leo Associati (formerly Leo Libroia e Associati) corporate and tax law firm, where he now acts as counsel. Currently, among the most significant offices he holds are Chair of the Board of Statutory Auditors at Davide Campari Milano S.p.A., Campari International S.r.l., Ethica Corporate Finance S.p.A. Fininvest Finanziaria d'Investimento S.p.A., and Il Sole 24 Ore S.p.A. He has been a member of Prysmian's Board of Statutory Auditors since 16 April 2013. With regard to his current appointment, he was elected on 13 April 2016 from the slate submitted jointly by a group of shareholders comprising asset management companies and institutional investors, which received the second highest number of votes at the Shareholders' Meeting.

### Paolo Francesco Lazzati

#### *Standing Auditor*

He earned his degree in Economics and Business, with a specialisation in Business Administration, at the Università Cattolica del Sacro Cuore in Milan. He is a chartered accountant enrolled in the Registry of Auditors and has been a subject expert at the faculty of Business and Economics of the University of Trento (from 1993 to 2001) and of the University of Pavia (since 1995). After beginning his career in his father's practice, he joined the "Studio Legale Prof. Avv. Paolo Maria Tabellini e Associati" law firm in 1990 as an associate. In 2000, he founded a professional association, primarily serving companies and/or groups, including those under reorganisation, expansion and restructuring. He holds and has held positions as Director and Statutory Auditor in industrial and financial companies, including listed companies.

He has been a member of Prysmian's Board of Statutory Auditors since 16 April 2013. With regard to his current appointment, he was elected on 13 April 2016 from the slate submitted by the shareholder Clubtre S.p.A., which received the majority of votes in the Shareholders' Meeting.

### Laura Gualtieri

#### *Standing Auditor*

She graduated with honours from her degree in Business Economics from the Commercial University "Luigi Bocconi" of Milan, and graduated in Law with full marks from Università Statale of Milan.

She is a registered Lawyer and a Chartered Accountant in Milan.

She is a registered Statutory Auditor.

Since 2004 she has been a partner in the "Tremonti Romagnoli e Associati" law firm, where she began working in 1998. Prior to this she worked for five years as a consultant for the Studio Tributario Deire tax firm.

She is a subject expert in commercial law at Università dell'Insubria of Varese.

She has been a member of Prysmian's Board of Statutory Auditors since 13 April 2016, having been elected from the slate submitted by the shareholder Clubtre S.p.A., which received the majority of votes in the Shareholders' Meeting.

### **Michele Milano**

#### *Alternate Auditor*

He has had a long and extensive experience as a Partner in the network of Big Four International auditing firms, where he held important appointments auditing national and international clients. Furthermore, he has held roles in internal audit, compliance, reporting services, company valuations and due diligence. He gained his experience in large distribution, production, power, media & communication, services, real estate and non-profit. In April 2016, he joined Ria Grant Thornton, however he maintained and continued his professional services as a member of boards of statutory auditors and supervisory bodies under legislative decree 231/2001.

He has been certified Chartered Accountant in Milan since 4 July 1990, and has been enrolled in the National Registry of Auditors since 21 April 1995.

He is a founding partner in the Associazione Organismi di Vigilanza 231 (Supervisory Bodies Association 231) and is a member of the Control Committee for the Association of Chartered Accountants in Milan.

He is also a partner in the Nedcommunity association and a teacher in training courses on the subject of legislative decree 231/2001 and its application, as well as on accounting principles.

He was elected on 13 April 2016 from the slate submitted by the shareholder Clubtre S.p.A., which received the majority of votes in the Shareholders' Meeting.

### **Claudia Mezzabotta**

#### *Alternate Auditor*

She earned her degree in Business Economics in 1993 from the "Luigi Bocconi" University in Milan and a Master of Arts in Industrial/Organisational Psychology in 2002, from New York University's Graduate School of Arts and Science in New York, NY, United States. She has worked as a chartered accountant since 1994, in Milan, where she owns her own practice, which provides accounting, corporate, and tax advisory services. She has been an authorised statutory auditor since 1999. She

is also a UK chartered accountant, having been admitted to the Institute of Chartered Accountants of England and Wales (London, United Kingdom) in January 2013. From 2010 to 2014, she was a member of global IFRS SME Implementation Group, instituted at the IASB in London, UK. Since 2011 she has been a member of European EFRAG SME Working Group, instituted at the EFRAG in Brussels, Belgium. Since 2015 she has been a member of the SME Reporting Task Force, a part of the "Financial Reporting Policy Group" of the FEE in Brussels, Belgium. She was Chairman of the Accounting Standards Commission of the Milan Association of Chartered Accountants from 2013 to 2016. She is temporary lecturer at Università Cattolica in Milan and also writes extensively about national and international accounting standards for several Italian publishers, including in particular IPSOA Wolters Kluwer, EGEA and Giuffrè. She is currently in office as a member of boards of statutory auditors, among others as Chair at Carrara S.p.A. and Fultes S.p.A.; and as an ordinary member at Avio S.p.A., Inalca S.p.A., Synopo S.p.A., Pentagramma Perugia S.p.A., Sabre Italia S.r.l. She is also sole statutory auditor at GE Lighting S.r.l. and RES – Research for Enterprise Systems S.r.l. She was Chair of the Board of Statutory Auditors of Fiat Industrial S.p.A. (until 30 September 2013), Chair of the Board of Statutory Auditors for F.I.L.A. Fabbrica Italiana Lapis ed Affini S.p.A. (until 27 April 2018) and a standing auditor with Ansaldo Energia S.p.A. (until 3 December 2014).

She was elected on 13 April 2016 from the slate submitted jointly by a group of shareholders comprising asset management companies and institutional investors, which received the second highest number of votes at the Shareholders' Meeting.

\*\*\*

### **Diversity criteria and policy**

The company adopted a new policy regarding the composition of the Board of Directors and the Board of Statutory Auditors. This policy is available on the company website [www.prysmiangroup.com](http://www.prysmiangroup.com) in the section *nvestors/shareholders-information/shareholders-meeting*. The adoption of this policy also meets the requirements of Article 123, paragraph 2, letter *d-bis*, of the TUF.

This policy was prepared by the relevant company departments under ongoing monitoring by the Remuneration, Nomination and Sustainability Committee, and was approved by the Board of Directors on 20 December 2017.

Prysmian's By-laws envisage that the appointment of the Board of Statutory Auditors be undertaken using means such as to guarantee that the less represented gender obtains at least one third of the members. This principle has been made in compliance with the provisions of Law no. 120 of 12 July

2011 (which introduced paragraph 1-ter into art. 147-ter of the TUF), which envisages the application of this principle for three consecutive mandates, starting from the first renewal after the date that the aforementioned Law no. 120/2011 comes into force.

In order to comply with this provision, Prysmian's By-laws envisage that the lists of candidates for the renewal of the Board of Statutory Auditors presented by the rights holders, should they have three or more candidates, must be composed of candidates belonging to both genders, so that the less represented gender is at least one third (rounded upwards) of the candidates for the role of Standing Auditor and at least one third (rounded upwards) of the candidates for the role of Alternate Auditor. The current term of office of the Board of Statutory Auditors, whose natural expiry is foreseen with the approval of the financial statements as at 31 December 2018, is the second to which the legislation in question applies. Taking into account the aforementioned regulations set forth in the By-laws, the Shareholders' Meeting of 13 April 2016, called for the renewal of the Board of Statutory Auditors, appointed three Standing Auditors, two men and one woman, two Alternate Auditors, one man and one woman.

\*\*\*

Immediately after appointment by the Shareholders' Meeting, the Board of Statutory Auditors met for the first time on 13 April 2016. As required by the CONSOB Issuer Regulation and Self-Regulation Code, the Board of Statutory Auditors verified that each of its members (Pellegrino Libroia, Laura Gualtieri and Paolo Francesco Lazzati) met the independence requirements provided for by the law (Article 148, paragraph 3, TUF) and by the Self-Regulation Code (Articles 3.C.1 and 8.C.1) for statutory auditors of listed companies. When carrying out this review, the Board of Statutory Auditors relied on the statements that had been provided by members when applying for their candidacies, which included a comprehensive list of all administrative and supervisory appointments. Along with their curriculum vitae, these statements were lodged at the company's registered office in the run-up to the Shareholders' Meeting, and were published according to law requirements. When making this assessment, the Board of Statutory Auditors did not adopt different criteria from those provided for by the Code with reference to the independence of directors. The Board of Statutory Auditors promptly informed the Company of the outcome of their review, which allowed the company to disclose those results to the market in a press release that was issued at the conclusion of the Shareholders' Meeting in which the same Board was

appointed.

A similar review was carried out by the Board of Statutory Auditors during the Financial Year, as a result of which it was confirmed that the members continued to meet the aforesaid independence requirements. The Company was promptly informed of this outcome.

The Board of Statutory Auditors also carried out the self-assessment activity aimed at verifying the suitability of its effective members and of the Board as a whole, as required by the "Norme di Comportamento del Collegio Sindacale di Società Quotate" ["Rules of Conduct of the Board of Statutory Auditors of Listed Companies"] issued by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* [National Council of Chartered Accountants and of Accounting Experts]. The Board of Statutory Auditors then informed the Board of Directors of the Company that no deficiencies were found either on the basis of each effective member or on its composition.

\*\*\*

The Board of Statutory Auditors attended the induction meeting arranged by the Chairman of the Board of Directors with the aim of increasing the Directors and Statutory Auditors awareness of the Prysmian Group's economic and business dynamics. The aforementioned meeting envisaged, among other things, a visit to the Group's facility in Nordenham, Germany, and participation in meetings concerning in-depth knowledge of the business sectors in which the Prysmian Group operates, with particular regard to issues of strategic and budgetary nature, which will also assist with upcoming assessments regarding appropriate risk management principles.

\*\*\*

The Shareholders' Meeting on 13 April 2016 that appointed the current Board of Statutory Auditors also determined that the annual remuneration for the Chair of the Board of Statutory Auditors would be Euro 75,000, and that the annual remuneration for each of the appointed Statutory Auditors would be Euro 50,000. This determination was in acceptance of the proposal put forward by shareholder Clubtre S.p.A. when submitting the candidate slate for the renewal of the supervisory board. No alternative proposals were presented during the lodgement of the candidate slates, nor during said Shareholders' Meeting when remuneration of the Board of Statutory Auditors was discussed. The proposal achieved a favourable endorsement with 97% of the voting shares. There were no votes against said proposal.

\*\*\*

The Control and Risks Committee meetings are the main occasion to exchange information among those members with significant duties concerning internal controls. The Board of Statutory Auditors and the Audit & Compliance Officer always take part in these meetings, with the latter acting as secretary and assistant to the

Committee supporting the Chairman in the coordination and organisation of the activities. At these times, there is always an exchange of information useful for the performance of the duties assigned to the three persons involved in internal controls.

## 14. INVESTOR RELATIONS

The Board of Directors shall identify and appoint a head of Investor Relations, assigning the office and verifying that the person indeed possesses the necessary qualifications and experience for this role. As of 1 October 2014, Maria Cristina Bifulco was appointed *Group Investor Relations Director*.

The Group Investor Relations Director has the task of managing relations with institutional investors and financial analysts through a process of transparent and timely communication.

In particular, upon publication of its annual, half-year and quarterly results, the Company organises specific conference calls with institutional investors and financial analysts, also allowing the specialist press to take part. In addition, the Company promptly advises shareholders and potential shareholders of every event

or decision that might have an important impact on their investment.

The Investor Relations department is in constant contact with investors, organising both group and one-to-one meetings in the main financial centres in Italy and abroad. The Investor Relations section of the Company website contains audio/video recordings of conference calls and presentations to the financial community as well as documents and press releases published by the Company.

Investors may address their requests for information to the Investor Relations office:

Tel. 02.6449.1

Fax 02.6449.4509

[mariacristina.bifulco@prysmiangroup.com](mailto:mariacristina.bifulco@prysmiangroup.com)

## 15. SHAREHOLDERS' MEETINGS

*(pursuant to Article 123-bis, paragraph 2 letter c), TUF)*

Pursuant to Article 11 of the By-laws, *"All shareholders entitled to attend the meeting may be represented at such Shareholders' Meeting by issuing a specific written proxy, as provided by and subject to the limits set out under applicable law. The proxy for attending the Shareholders' Meetings shall be notified to the Company even by sending the document to the certified e-mail address written in the Call of the Shareholders' Meeting."*

In order to reduce the restrictions and requirements that might make it difficult and costly for those eligible to attend meetings and exercise their voting rights, the By-laws allow the Board of Directors to specify in the notice of the meeting that attendance is permitted via telecommunication media which enable all those attending the meeting to be identified and allow them to follow the debate and contribute in real time to the discussion of the items on the agenda.

\*\*\*

The Board of Directors resolved, in compliance with Article 9 of the By-laws and the provisions of the Code, to submit to the Shareholders' Meeting a set of regulations for shareholders' meetings which was approved at the Shareholders' Meeting on 28 February 2007. The shareholders' meetings regulations govern the orderly and functional conduct of meetings and ensure each shareholder the right to speak on the items under discussion.

In particular, the regulations contain procedures for verifying the right to participate in Shareholders' Meetings, for entering and exiting the premises where the meeting is held, for joining in the debate, with particular attention to the amount of time allowed for those eligible to express their opinion on items on the agenda and for members of the Board of Directors and the Board of Statutory Auditors to reply.

These regulations also define the powers of the meeting's

Chairman and the voting procedures.

The regulations may be viewed on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investors/shareholders-information/shareholders-meeting*.

The meeting's Chairman directs the debate, giving the floor to directors, statutory auditors and those eligible who have requested to speak. Bearing in mind the subject and importance of individual items on the agenda, as well as the number of people requesting to speak, the Chairman decides in advance how long each speaker and respondent may speak in order to ensure that the proceedings can be completed in one session.

Those eligible may request to speak on each item on the agenda only once, making comments, requesting information and putting forward proposals. Speakers are permitted to request the floor until the Chairman declares the debate on the related item closed.

Persons who requested the floor are entitled to make a brief reply.

The Chairman establishes how speakers request the floor and the order in which they may speak.

In order to allow the Chairman, and at the latter's request, anyone assisting him, to respond more completely to issues raised, those eligible are permitted to submit written notes to the Board of Directors setting forth the issues on which they intend to speak, even before the Shareholders' Meeting is opened.

\*\*\*

In order to ensure that shareholders have sufficient information to take informed decisions in their meetings, the Board of Directors approves specific reports on items

on the agenda and publishes them within the legally required term, including on the Company website.

During the Shareholders' Meeting called to approve the annual financial report, the Chief Executive Officer and the Chief Financial Officer present this document using detailed slides and comment on the main figures in the Company's separate financial statements and in the Prysmian Group's consolidated financial statements, thereby reporting on its activities to shareholders. Nine of the eleven Directors in office at the date of the Shareholders' Meeting on 12 April 2018 attended this meeting. The three members of the Remuneration, Nomination and Sustainability Committee were present at the meeting, and so were able to provide the Shareholders' Meeting with information about how this Committee works, in addition to that already provided in the Remuneration Report.

\*\*\*

During the Financial Year the Company's share capital increased from Euro 21,748,275.40 to Euro 26,814,424.60 following the issue of 50,661,492 of Prysmian S.p.A.'s ordinary shares with a nominal value of €0.10 each (For further information see paragraph 2.a of this Report).

The market capitalisation trend has followed that of Prysmian stock, which has been influenced by both by the general performance of the financial markets and by the technical problems that arose during the Financial Year in relation to the submarine interconnection project (Western Link). Both these items had an impact on the Company's results during the Financial Year.

## 16. OTHER CORPORATE GOVERNANCE PRACTICES

*(pursuant to Article 123-bis, paragraph 2 letter a), TUF)*

There are no other corporate governance practices to disclose other than those reported and described in the preceding sections.

## 17. CHANGES SINCE YEAR END

There have been no other changes in the corporate governance structure since the end of the year apart from

those already reported and described in the preceding sections.

## 18. CONSIDERATIONS ON THE LETTER OF 21 DECEMBER 2018 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

At the Remuneration, Nomination and Sustainability Committee meeting of 8 February 2019 the Chairman of the Board of Directors shared with the committee members the contents and recommendations of the Chairman of the Corporate Governance Committee letter of 21 December 2018. The Committee looked favourably on the proposal put forward by the Chairman of the Board of Directors to examine the Company's position in the areas subject to recommendation under the scope of self-assessment activities. Considering that the self-

assessment activities in the current Financial Year will be carried out with the assistance of an advisor, the latter will be asked to provide an in-depth analysis of the areas subject to the recommendation. The outcome of this analysis may be subject to specific assessment by the Board of Directors.

The letter received from the Chairman of the Board of Directors was also shared with the Chairman of the Board of Statutory Auditors for appropriate evaluations.

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE  
(AS AT 31 DECEMBER 2018)**

SHARE CAPITAL STRUCTURE			
No. Shares		% of share capital	Listed
Ordinary Shares	268,144,246	100	MTA
Shares with suspended voting rights (*)	5,097,213	1.90	MTA

(\*) Treasury shares held directly and indirectly by the Company at 31/12/2018.

OTHER FINANCIAL INSTRUMENTS (assigning the right to subscribe to newly issued shares)				
Listed		No. outstanding instruments	Class of shares to service conversion	No. shares to service conversion
Convertible Bonds	MTF - Vienna	€ 500,000,000	Ordinary Shares	14,579,427

Declarant	Direct shareholders	% of ordinary share capital (*)	% of voting share capital (*)
Clubtre S.p.A.	Clubtre S.p.A.	3.889	3.889
T. Rowe Price Associates Inc.	T. Rowe Price Associates Inc.	3.066	3.066
	(Market)	93.045	93.045
	Total	100.00%	100.00%

(\*): Information about shareholders, who directly or indirectly hold significant interests, as defined by regulations applying to listed companies, is also available on the CONSOB website. It should be noted however that the information published on the CONSOB website, based on notifications by parties required to comply with Article 120 of the TUF and the CONSOB Issuer Regulation, could differ from the situation presented above; this is because CONSOB is not required to adjust the percentage share-holdings for changes resulting from capital increases.

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**  
**Situation as at 31 December 2018**

Office	Members	Year of birth	Date of first appointment *	In office as of	In office until	Slate **	Exec.	Non-Exec.	Indep. Code	Indep. TUF	No. other offices ****	Remuneration, Nomination and Sustainability Committee		Control and Risks Committee	
												****	***	*****	***
Chairman	Claudio De Conto	1962	21/07/2010	01/01/2018	31/12/2018	BOD	-	X	-	X	3	m	7/8	P	4/4
•/∅ CEO and GM	Battista Valerio	1957	15/12/2005	01/01/2018	31/12/2018	BOD	X	-	-	-	1	-	-	-	-
Director	Paolo Amato	1964	12/04/2018	12/04/2018	31/12/2018	m	-	X	X	X	-	m	4/4	-	-
Director	Joyce Victoria Biglio	1954	12/04/2018	12/04/2018	31/12/2018	BOD	-	X	X	X	1	-	-	m	6/6
Director	Battaini Massimo	1967	25/02/2014	01/01/2018	31/12/2018	BOD	X	-	-	-	-	-	-	-	-
Director	Maria Elena Cappello	1968	18/04/2012	01/01/2018	31/12/2018	BOD	-	X	X	X	3	-	-	m	1/1
Director	Monica de Virgiliis	1967	16/04/2015	01/01/2018	31/12/2018	BOD	-	X	X	X	1	P	4/4	-	-
Director and CFO	Pier Francesco Facchini	1967	28/02/2007	01/01/2018	31/12/2018	BOD	X	-	-	-	3	-	-	-	-
Director	Francesco Gori	1952	18/09/2018	18/09/2018	31/12/2018	n/a	-	X	X	X	2	-	-	P	3/3
Director	Mimi Kung	1965	12/04/2018	12/04/2018	31/12/2018	m	-	X	X	X	2	-	-	-	-
Director	Maria Letizia Mariani	1950	16/04/2015	01/01/2018	31/12/2018	BOD	-	X	X	X	-	-	-	m	7/7
<b>DIRECTORS WHO CEASED TO HOLD OFFICE DURING THE YEAR</b>															
Chairman	Massimo Tononi	1964	21/07/2010	01/01/2018	18/09/2018	BOD	-	X	-	X	-	m	4/4	-	-
Director	Alberto Capponi	1954	16/04/2015	01/01/2018	12/04/2018	m	-	X	X	X	-	-	-	-	-
Director	Giovanni Tamburi	1954	18/04/2012	01/01/2018	12/04/2018	m	-	X	X	X	-	P	4/4	-	-

On occasion of the most recent appointment of the Board of Directors on 12 April 2018, the minimum shareholding for presenting candidate slates was 1% of share capital.

Number of meetings held during the Year:

BOD: 13

CRC: 7

RNSC: 8

Notes

- ◊ This symbol indicates the director in charge of the internal control and risk management system.
- This symbol indicates the Chief Executive Officer of the Company.
- (\*) The date of first appointment of each director is the date on which that director was appointed for the very first time to the Board of Directors.
- (\*\*) This column reports the slate from which each director was elected ("M": majority slate; "m": minority slate; BOD: slate submitted by the outgoing Board of Directors).
- (\*\*\*) This column reports the number of meetings of the Board of Directors and its committees attended by the directors (no. attendances/no. meetings held during a director's effective period of office).
- (\*\*\*\*) This column reports the number of appointments held by the person in question as a director or statutory auditor of other companies listed on regulated markets, in Italy or abroad, or of financial, banking, insurance or other large companies. The list of these companies for each director in office at 31 December 2018 is attached to this Report (Annex A).
- (\*\*\*\*\*) This column reports the role of the Director in each Committee ("c": Chairman; "m": member).

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**  
**Situation as at 31 December 2018**

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment *	In office as of	In office until	State **	Indep. as per the Code	Participation in the Board meetings ***	No. of other offices ****
Chairman	Pellegrino Libroia	1946	16/04/2013	01/01/2018	31/12/2018	m	X	6/6	6
Standing Auditor	Paolo Francesco Lazzati	1958	16/04/2013	01/01/2018	31/12/2018	M	X	6/6	50
Standing Auditor	Laura Gualtieri	1968	13/04/2016	01/01/2018	31/12/2018	M	X	6/6	2
Alternate Auditor	Michele Milano	1960	13/04/2016	01/01/2018	31/12/2018	M	X	N/A	6
Alternate Auditor	Claudia Mezzabotta	1970	16/04/2013	01/01/2018	31/12/2018	m	X	N/A	13
<b>AUDITORS WHO CEASED TO HOLD OFFICE DURING THE YEAR</b>									
-	-	-	-	-	-	-	-	-	-
On occasion of the most recent appointment of the Board of Statutory Auditors on 13 April 2016, the minimum shareholding for presenting candidate states was 1% of share capital.									
Number of meetings held during the Year: 6									

**Notes**

- (\*) The date of first appointment of each statutory auditor is the date on which that auditor was appointed for the very first time to the Board of Statutory Auditors.
- (\*\*) This column reports the state from which each auditor was elected ("M": majority state, "m": minority state).
- (\*\*\*) This column reports the participation of each auditor in the meetings of the Board of Statutory Auditors (no. of attendances/no. of meetings held in the Financial Year).
- (\*\*\*\*) This column reports the number of appointments held by the person in question as a director or statutory auditor that are significant for the purposes of Article 148-bis of the TUF and the relevant implementation regulations included in the CONSOB Issuer Regulation. The complete list of appointments has been published by CONSOB on its website, in accordance with Article 144-quinquiesdecies of the CONSOB Issuer Regulation.

## LIST OF OTHER COMPANY APPOINTMENTS HELD BY DIRECTORS IN OFFICE AS AT 31 DECEMBER 2018

(in companies listed on regulated markets, or in financial, banking, insurance or other large companies)

NAME AND SURNAME	OFFICE	COMPANY
Claudio De Conto	Chairman	Star Capital SGR S.p.A.
	Chairman	Prénatal Retail Group S.p.A.
	CEO	Artsana Group
Valerio Battista	Director	Brembo S.p.A.
Paolo Amato	-	-
Massimo Battaini	-	-
Joyce Victoria Bigio	Director	Ray Way S.p.A.
Maria Elena Cappello	Director	Banca Monte dei Paschi di Siena
	Director	Saipem S.p.A.
	Director	TIM S.p.A.
Monica de Virgiliis	Director	SNAM S.p.A.
Pier Francesco Facchini	Chairman	Prysmian Treasury S.r.l.
	Director	Turk Prysmian Kablo Ve Sistemleri A.S.
	Director	Yangtze Optical Fibre and Cable Joint Stock Ltd Co.
Francesco Gori	Director	SNAM S.p.A.
	Director	Apollo Tyres Ltd
Mimi Kung	Director	Poste Italiane S.p.A.
	Director	Bank of Ireland UK
Maria Letizia Mariani	-	-
Fabio Ignazio Romeo	Chairman	Oman Cables Industry S.A.O.G.





