

COMMITMENTS FOR THE FUTURE

In the course of 2019, the Prysmian Group will align the procedures and policies for the above-mentioned programs in order to harmonize activities and create a single reference document.

RESPONSIBILITY TOWARDS PEOPLE

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

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

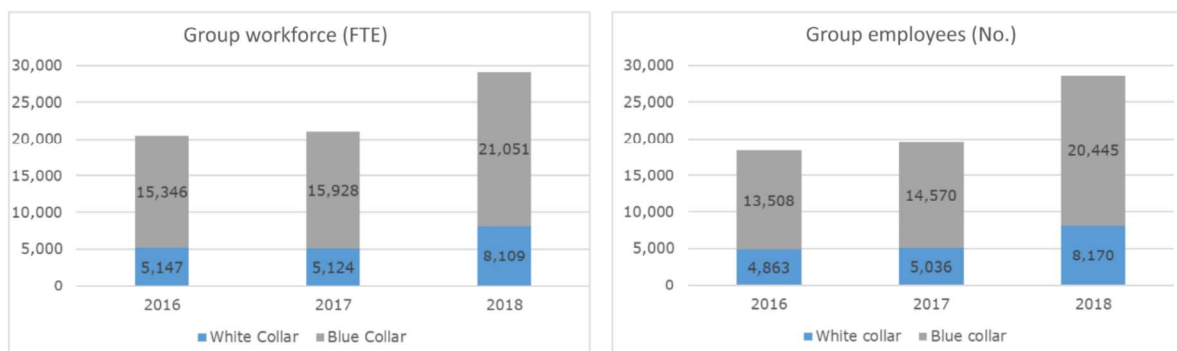
The merger with General Cable in June 2018 had a major impact on human resources of the Group and on the human resource management function. The function was actively involved in the reorganization of the company in all organizational levels and, in order to select the best candidates for the management positions of the new group, over 450 people were assessed with partner Korn Ferry. This evaluation process, using international methodology and consisting of online tests and interviews, was geared towards guaranteeing maximum fairness and objectivity in this delicate integration process. Shortly after, we launched an important process of integration and creation of a common corporate culture with the support of SDA Bocconi. An initial survey was conducted with about 1,500 employees to understand their expectations.

In July, 10 cultural integration workshops were organized around the world, bringing together more than 250 of General Cable and other Prysmian employees of varied origins, roles, ages and skills, to gain better insights into the most important behavior for creating a stronger team and a better culture. The workshop results were then shared with senior management in a dedicated session.

In December a second survey was held with all employees with computer access, with the aim of checking the progress of the post-merger integration process.

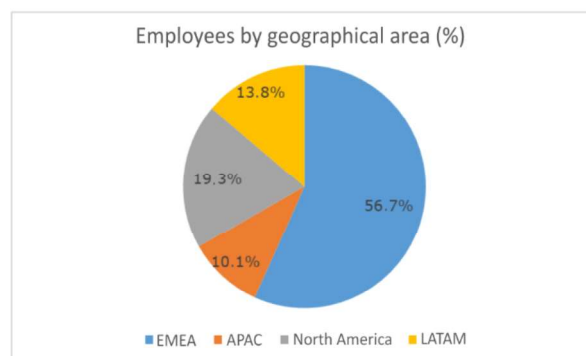
OUR HUMAN CAPITAL

Following the merger with General Cable, as of 31 December 2018, the Prysmian Group workforce totaled²¹ 29,160 FTE persons, comprising 8,109 white collar staff including executives and clerical staff, and 21,051 blue collar workers.



The number of employees at 31 December 2018 amounted to 28,615 persons. White collar staff accounted for 28.6%, while workers made up the majority of employees, equal to 71.4%.

With regard to geographical distribution, more than half of employees were located in EMEA (Europe, Middle East and Africa). North America (US and Canada) and LATAM²² respectively hosted 19.3% and 13.8% of employees, while the remaining 10.1% were in APAC.²³



In consideration of the type of business, men made up 83.9% of all employees, and women the remaining 16.1%. The Group continually strives to implement equal opportunities programs. See the following section for more information.

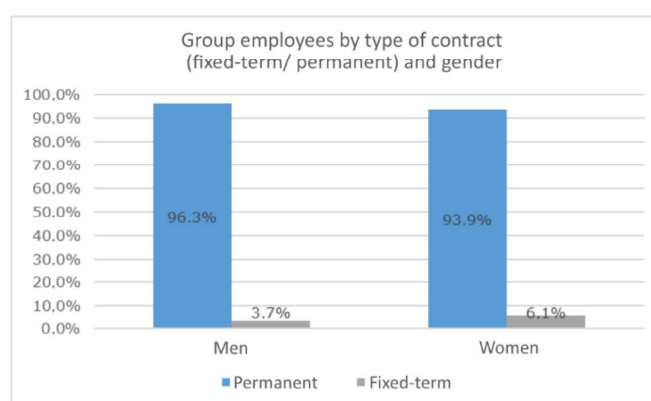
²¹ The total represents the total workforce of the Group, calculated in FTE, and represents 100% of the total of Prysmian's employees, i.e., all Group companies controlled or subject to the Management, including estimated figures of Associated Cables Pvt. Ltd.. This calculation also includes the staff of agencies (interns and contractors). Note that in order to guarantee the reliability of this document and its comparability with previous editions, estimates have been made with regard only to the data of Associated Cables Pvt. Ltd., on the basis of the best available methodologies. In fact, due to a lack of data, the number of persons employed by Associated Cables Pvt. Ltd. Prysmian India has not changed for four years, while the qualitative breakdowns have been estimated with reference to Group averages.

²² For details of the countries included in the geographical regions, please refer to the map of the Group's plants shown in the "The Prysmian Group" section. Note that since 2018, Mexico has been classified in the LATAM region (in line with the General Cable classification), having been categorised in the North and Central America region in previous years.

²³ Note that, compared to the geographical distribution of previous years, the inclusion of General Cable led to a reclassification of countries. Consequently, Mexico in 2018 was placed in the LATAM geographical region and not in North and Central America.



Regarding types of contract, the majority of employees have permanent contracts (95.9%). The preference for permanent employment contracts demonstrates the Group's commitment to creating long-term relationships with its employees, focusing on long-term prospects.



As regards the age distribution, the majority of employees (54.5%) were aged between 31 and 50 years. About 29.0% of employees were above the age of 50. The remaining 16.5% employees were aged under 31. The Group constantly strives to attract young recruits, especially through specific programs such as Make It, Sell it and the Graduate Program.

With regard to new employee hires and employee exits, taking into account the integration of General Cable on 6 June 2018, in order to transparently communicate to stakeholders the results of the integration presented at the beginning of the section, it is relevant to provide the following overview, showing the new hires and turnover with the same scope used for 2017, (Prysmian Group w/o General Cable), and the related turnover rate of new hires and departures in order to ensure comparability with the data provided in the 2017 NFD.

2018	New hires - Prysmian Group w/o General Cable														
	EMEA			APAC			North and Central America			South America			Group		
	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot
≤30	74	45	119	23	27	50	12	2	14	16	12	28	125	86	211
31-50	80	45	125	49	31	80	7	3	10	19	5	24	155	84	239
>50	13	1	14	3	2	5	6	0	6	0	0	0	22	3	25
Total	167	91	258	75	60	135	25	5	30	35	17	52	302	173	475

2018	Turnover - Prysmian Group w/o General Cable														
	EMEA			APAC			North and Central America			South America			Group		
	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot
≤30	37	13	50	9	9	18	6	1	7	8	2	10	60	25	85
31-50	83	32	115	30	26	56	18	6	24	7	8	15	138	72	210
>50	11	2	13	1	2	3	5	2	7	1	0	1	18	6	24
Total	131	47	178	40	37	77	29	9	38	16	10	26	216	103	319

In EMEA the employee turnover rate was 5.5%, in APAC 9.3%, North and Central America 6.9% and in South America 6.3%. With regard to outgoing turnover grouped by age, the most significant changes were found in employees under thirty (11.7%), followed by employees aged between thirty and fifty (7.6%) and finally those over fifty at 1.5%.²⁴

The rate for new employee hires is 8.0% in EMEA, 16.2% in APAC, 5.4% in North America and 12.6% in Central and South America. In terms of age groups, there was a new hires turnover rate of 28.9% in the under-thirties, 8.7% between 31 and 50 years and 1.6% over fifty years.

With regard to new employee hires and exits from the Group, considering the full perimeter of the Group (PG w/o GC + former-GC), the Group is able, following a major reorganization of its management systems, to provide the absolute value of new employee hires and exits for the months from September to December 2018. Based on the above time period, the new hires amounted to 169, while there were 465 departures; see details in the tables below. It should be noted that this data is not comparable with that reported in the previous tables, as it pertains to different company and temporal perimeters.

Sept-Dec 2018	New employee hires - Prysmian Group														
	EMEA			APAC			North and Central America			South America			Group		
	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot
≤30	19	13	32	6	7	13	2	1	3	5	9	14	32	30	62
31-50	37	21	58	14	10	24	3	0	3	6	2	8	60	33	93
>50	7		7	0	0	0	5	1	6	1		1	13	1	14
Total	63	34	97	20	17	37	10	2	12	12	11	23	105	64	169

Sept-Dec 2018	Employee departures - Prysmian Group ²⁵														
	EMEA			APAC			North and Central America			South America			Group		
	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot
≤30	26	9	35	5	5	10	9	11	20	6	15	21	46	40	86
31-50	74	25	99	17	15	32	42	22	64	23	18	41	156	80	236
>50	26	7	33	4	6	10	51	29	80	16	4	20	97	46	143
Total	126	41	167	26	26	52	102	62	164	45	37	82	299	166	465

²⁴ In order to ensure comparability with previous years, the turnover calculation refers to the outgoing turnover rates only for voluntary resignations among white collar staff. No index percentage was calculated for new employee hires.

²⁵ Unlike the data pertaining to the Prysmian Group w/o General Cable perimeter, turnover data of the Prysmian Group perimeter includes all reasons for leaving (e.g. voluntary departures, retirement, redundancies, etc.).

International mobility

As of 31 December 2018, the Prysmian Group's expat population comprises about 250 employees from about 30 different countries (31% are Italians) who are living in 32 different destination countries. Of these, 74% are at a non-executive level and 20% are women. There were 86 new departures during 2018. These statistics evidence the importance of international mobility within the Group. On the one hand, it allows the diffusion of the culture and values of Prysmian in all countries and all affiliates – an essential requirement following the acquisition of General Cable – and on the other hand, international mobility helps us meet local organization requirements, enabling the transfer of managerial and technical know-how from country to country.

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

DIVERSITY AND EQUAL OPPORTUNITY

Prysmian has identified the promotion of diversity and equal opportunity as a strategic objective for the management of human resources. Given this commitment, the Group has adopted a global **Diversity and Inclusion Policy** and is developing a number of supporting initiatives.

More specifically, the portfolio of activities started in 2017, consolidated in 2018 and continuing in 2019 include:

1. **Global Diversity Recruitment Policy.** On the one hand, this requires all the actors involved in selection processes, whether inside or outside the organization, to follow a recruitment methodology that allows the hire of employees to be aligned with business needs and the leadership style of the Prysmian Group. On the other hand, it is designed also to push selection staff to make recruitment choices as objective as possible and free from stereotypes related to gender and other areas of diversity. In the medium-long term, the Diversity Recruitment Policy is also intended to support the creation of a more balanced pipeline where diversity, in all its forms, is equally represented;
2. **inclusion of the topic of diversity and diversity management in all programs of the School of Management,** i.e. as part of the syllabus of the Prysmian Group Academy, which trains leaders of the Group;
3. **training on Unconscious Bias,** to be delivered through the Digital Academy;
4. **WLP (Women Leadership Program),** now in its third edition. This training program is aimed at female talent in the company. Through their development, it can nurture the internal pipeline for succession plans;
5. **mentoring program for female talent,** to be delivered through an internal mentor training program;
6. **Gender Pay Gap Analysis,** already started in Germany as a pilot project in partnership with Korn Ferry and to be extended to other countries;
7. **internal and external communication campaigns for the project and success stories based on cases of diversity of all kinds** (age, culture, gender)

The objective of the project is to increase women's presence at different organizational levels by 2020 and to include it as a fundamental characteristic of leadership and a fundamental condition in selection processes. From this point of view, one of the new values of the Prysmian Group – **trust** – also legitimizes the focus on diversity as a key driver of its future growth and business development in the coming years.

THE DEVELOPMENT OF TALENT

For Prysmian, intellectual capital and the development of talent are strategic assets for the achievement of profitability and value creation objectives. During the period 2012-2018, the Group designed and implemented a robust human capital development strategy in order to minimize the errors made when deciding on people and to equip the business with valuable resources capable of contributing to future growth and maintaining our global leadership position in the sector.

The Human Capital Development strategies are based on an integrated management system that can attract, develop, promote and retain talented people. The talent management system is based on four pillars:

1. Recruiting and Talent Acquisition;
2. Performance Management;
3. Talent and Succession Management;
4. Training and Development.

RECRUITING AND TALENT ACQUISITION - EMPLOYER BRANDING

Numerous initiatives during 2018 were designed to position the Group as the *Employer of choice* on a global scale in order to attract the best talent. In particular, promotional and communication actions were taken using both digital and traditional means.

The Group has invested in a solid **positioning strategy on the major digital communication channels**, achieving historical and significant goals:

LinkedIn	Facebook	Glassdoor
<ul style="list-style-type: none"> 104 thousand followers Group named as one of the LinkedIn Best Employer Brands 	<ul style="list-style-type: none"> live streaming feeds made with the applicants of the various recruitment programs 25,000 likes and thousands of comments and visits 	<ul style="list-style-type: none"> targets reached in terms of reviews

The Group has continued to invest also in **traditional methods**:

University career fairs	Dedicated career corners
<ul style="list-style-type: none"> every year in the best engineering and economic universities in Italy, Spain, France, Sweden, Finland, Estonia, Denmark, Russia, UK, Turkey, USA, Argentina, Brazil, China, Indonesia, Malaysia, Singapore, Thailand, Philippines and Australia 	<ul style="list-style-type: none"> in the most significant global business fairs in which the Group has participated (Middle East Electricity Dubai, OTC Houston USA, Offshore Wind Europe conference London UK, Wind Europe Amsterdam Netherlands and ADIPEC Abu Dhabi)

GROUP SPECIFIC PROGRAMS

Since 2012, Prysmian has implemented several recruitment policies that have encouraged diversification of the offer portfolio, not only with "Spot" job offers but also with programs for attracting and integrating talent.

Build the Future, the Graduate Program

46 young graduates from about 41,000 candidates

"Build the Future, the Graduate Program" is an international program for the recruitment and induction of new graduates. The objective is to place young graduates with high-potential profiles in various functions and geographical areas. The Graduate Program comprises various stages:

- thorough selection process (application, test, group assessment, local and group interview);
- two weeks of induction in Milan in the first year of recruitment, plus three weeks of training in the two subsequent years delivered as part of the Post Graduate Program (PGP) training program;
- job rotation for a year with the assignment of a company mentor;
- international allocation for two years in one of the Group sites;
- assignment of a technical managerial role or at the end of 3 years.

During the first half of 2018, 46 new international staff were taken on, while, in the second half of 2018, 35,000 applications were received. This will lead to the selection and recruitment of another 50 new graduates in 2019.

Make It

22 young engineers from about 7,000 candidates

The "Make It" international recruitment program is aimed at identifying engineers from other sectors to cover highly challenging key roles in the Group's most important factories. The stages of the "Make It" process are:

- a thorough selection process (application, test, group assessment, local and group interview);
- *On-Boarding & Training on the Job* for approximately two months, leading to placement in the specific role in the local unit;
- a period of technical and managerial induction at the manufacturing Academy in Mudanya (Turkey);
- entrustment to a company mentor and continuous technical training with participation in the Lean Six Sigma skills development program;
- the prospect of career development through evaluation of performance and potential.

After its 2015 launch, the program led to the recruitment of around 150 engineers from around the world between 2016 and 2018. In the first half of 2018, around 7,000 applications were received and about 20 engineers hired.

Sell It

9 young salespeople from about 7,000 candidates

The "Sell It" program aims to further the growth and development of the sales force and follows the same steps as the "Make it" program. This year, "Sell It" has attracted about 7,000 applications and led to the recruitment of nine salespeople with 3-5 years of experience due to cover key and highly challenging roles in various areas of Business Energy & Telecom. At a time of growth of the Group and extended professional opportunities thanks to the acquisition of GC, and despite recruitment numbers dropping especially in North America, "Sell It" is proving to be an important program for attracting for young people of quality.

Finally, it should be noted that also for 2019, the program will restart a renewed search campaign with the support of a new global recruitment partner.

PERFORMANCE MANAGEMENT - P3 PRYSMIAN PEOPLE PERFORMANCE

About 4,600 personnel involved in 2018 (Prysmian Group w/o General Cable)

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

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

Currently, P3 involves only white collar staff, Prysmian Group w/o General Cable perimeter, and in 2018 involved about **4,600²⁶** people, equal to 94% of the women and 96% of the men.

By the second half of 2018, the P3 evaluation process had already been extended to managerial staff of the former General Cable

In 2018, in the spirit of continuous improvement of business and company processes and in order to ensure increased meritocracy and employee engagement, participants had the opportunity to perform their own self-assessment for quantitative targets.

²⁶ The data reported includes only permanent employees, with the exclusion of the companies OAPIL (Oman Aluminium Processing Industries LLC), Associated Cables Pvt. Ltd., Nantong Haixun Draka Elevator Products Co. Ltd. and Nantong Zhongyao Draka Elevator Products Co. Ltd.

TALENT AND SUCCESSION MANAGEMENT - P4 PRYSMIAN PEOPLE PERFORMANCE POTENTIAL

The merger with General Cable has had an important impact on the organization of the group. For this reason, it was necessary to suspend the P4 process for one year, as one of its main objectives – the creation of succession plans – is not applicable in the extraordinary circumstances of post-merger structural change.

The Group has decided to priorities the implementation of the new organizational structure, the definition of new values and a new model of common leadership. To this end, "Out in front together" was organized in June. This was an event of extraordinary importance that saw 480 colleagues from all over the world coming together to define the vision and the path of the new Group.

The challenges for the 2019 include the integration of employees from General Cable and of new features to evaluate potential – features aligned with the new values of the Group. This phase will be supported by numerous training courses throughout the world with our partner Mercer.

TRAINING AND DEVELOPMENT

In order to develop and consolidate the leadership and the technical skills of its management, Prysmian makes use of the **Prysmian Group Academy**, organized in three distinct but synergistic schools: The School of Management, the Professional School and the Digital School.

<i>School of Management</i>	<i>Professional School</i>	<i>Digital School</i>
The School of Management, directly connected to systems of measuring and developing Potential (P4 program), is established by Prysmian in partnership with SDA Bocconi and a network of 10 major international Business Schools (ESADE, FUDAN, SMU, STENBEIS, CORVINUS, SSE, FGV, ESSEC, USC, UFS). The school has welcomed 710 participants over six years and has issued 439 diplomas, with continuous ambition for growth in 2019, in support of the success of the merger with General Cable. Particularly noteworthy are the Induction Program , which involved 31 participants from 13 countries in 2018, and the Women Leadership Program , a training scheme for the development of female leaders For details on dedicated programs, please refer to the 2017 NFD or to the Group's website.	The Professional School, directly linked with the systems of measurement and performance development (P3 program), is organized into function academies and centers of expertise, and has trained over 1,500 employees in six years, with the involvement of more than 200 experts and plans to involve the same number in 2019. Particularly noteworthy are the R&D Academy , site of the February 2018 launch of the first courses of the expertise center, dedicated to R&D training in the USA (Lexington), and Human Resources , courses for the consolidation of skills to manage the essential processes of recruitment, training and development. In 2019, an international mobility management program will be also be developed. For details on dedicated programs, please refer to the 2017 NFD or to the Group's website.	The digital school is considered one of the main projects of the Academy. In 2018, the Group launched a new technological platform to support the Digital Academy; the platform comprises a social networking tool called "JAM", intended to help create a community among the school participants. The community allows participants to stay in touch and share documents. Always in step with the development of training offerings, the Group has developed several digital initiatives, with the creation of ad-hoc e-learning modules aimed at specific training needs. One example of an e-learning module involves training on the subject of compliance with law 231. Involving about 3,000 employees, the goal was to raise awareness of the importance of adopting managerial practices based on ethics and integrity.

Below are the hours of training provided in 2018 by the School of Management and the Professional School programs. Both programs together provided a total of almost 38,000 hours (net of the Digital Academy e-learning courses).

	Average hours of Prysmian Academy training by gender - Prysmian Group		
	Men	Women	Total
School of Management	3.3	2.9	3.2
Professional School	1.6	1.1	1.5

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

	Average hours of (local) training by professional category - Prysmian Group w/o General Cable		
	Men	Women	Total
Blue Collar	14.3	17.2	14.6
White Collar	11.8	14.0	12.4
Total	13.7	15.5	13.9

	Average hours of (local) training by professional category - Former General Cable		
	Men	Women	Total
Blue Collar	11.7	7.0	11.3
White Collar	8.3	8.8	8.5
Total	10.9	8.1	10.4

FOCUS: PURCHASING ACADEMY

Also during 2018, the Professional School of the Prysmian Group Academy delivered courses focusing on the supply chain, involving more than 40% of Prysmian purchasing personnel worldwide. The annual edition of the Prysmian Purchasing Academy was not carried out, owing to the integration activities that have exceptionally occupied the entire organization. In 2019 the course centering on the growth and training of purchasing personnel of the Group will be reprised, also including General Cable.

FOCUS: SUPPLY CHAIN ACADEMY

During the year, in the context of the Prysmian Academy, the Supply Chain function continued the process of training the logistics-manufacturing personnel who work for the Group's affiliates around the world. Implemented over a period of several days and using internal lecturers, the objective of the course was to facilitate networking, enhance the professional standing of the individuals concerned and share ways to improve the Group's logistics and make them more efficient. In particular, a section dedicated to the importance of sustainability throughout the supply chain was provided in the advanced annual session of the Professional Supply Chain course. Support in this area was provided by the Bocconi University in conjunction with some of the most advanced and innovative companies in terms of distribution chain sustainability, such as Enel and IKEA.

In line with the strategy of Human Capital Development, the commitments of 2019 will be oriented towards the major initiatives in the areas of Recruitment and Talent Acquisition, Performance Management, Talent and Succession Management and Training and Development.

Recruitment and Talent Acquisition

In 2019, the Group will continue its commitment to attracting the best talents in the market with the programs "Build the Future, the Graduate Program", "Make It, Manufacturing Career at Prysmian Group" and "Sell It; a growing path at the Prysmian Group".

Performance Management and Talent and Succession Management

The systems of performance management (P3) and potential scouting (P4) will be continuously improved from a technological point of view (implementing the latest releases available on the market), from a cultural point of view (experimenting with the most advanced processes of personnel management, such as self-evaluation) and, finally, from the point of view of rewarding policies (outlining in a structured and transparent manner significant initiatives to enhance merit such as Talent Membership).

Training and Development

Prysmian Group Academy will continue to expand its managerial, professional and digital portfolio with the development of important initiatives in the field of managerial training (program for all new recruits), technical training (increase of the R&D Academy portfolio in Lexington to develop the skills and excellence for innovation and development of our products) and digital training (induction welcome kit for new employees).

International mobility during 2019 will again focus on guaranteeing the success of the international assignments, as measured in terms of its effectiveness in transferring know-how and developing the local team. Efforts will also be made to improve the career planning for expatriates on completion of their international assignment.

The success of the international mobility policy very much depends on expatriates sharing and strengthening Prysmian's identity, culture and values with local teams, thus strengthening cohesion, while also drawing on the diversity of talent available across borders in order to obtain superior results for the Group.

WELFARE OF EMPLOYEES

REMUNERATION POLICIES²⁷

The Compensation & Benefit policies adopted by the Prysmian Group are designed to attract and retain highly professional personnel, especially for key positions, with particular regard for the complexity and specialized nature of the business. Growing internationalization requires constant focus on the different geographical realities in order to ensure assignment of the right talents in the context of a competitive marketplace. These policies are defined in a way that aligns the interests of management with those of shareholders, pursuing the priority objective of creating sustainable value over the medium-long-term by building a real, verifiable link between pay and performance both individually and at Group level.

Compensation & Benefits policies are defined and implemented at central level with regard to the executive population and expatriates, while for the rest of the population these activities are delegated to local levels, net of centrally-issued guidelines.

2018 was a year of change and new activities:

- share purchase plan on favorable terms (named YES), extended until 2020 and including General Cable from 2019;
- 2018-2020 LTI plan, launched to include the management of the two firms;
- integration of General Cable personnel into Prysmian policies, with a review of incentives and benefits policies. This activity will be in progress also in 2019.

The remuneration policy for executive directors and executives with strategic responsibilities is determined as the result of an agreed and transparent process, during which the Compensation, Appointments and Sustainability Committee and the Board of Directors of the Group both play a central role. Every year the Committee submits the remuneration policy to the Board of Directors for approval and checks on its application during the year.

The pay structure for executive directors and managers with strategic responsibilities and executives comprises a fixed component, a short-term variable component and a medium-long-term variable component.

The remuneration policy and long-term incentive plans were well received by the stakeholders (votes in favor exceeded 98%), whose opinions and feedback are considered when preparing the annual policy. In fact, the human resources department analyses the reports and opinions obtained from the principal proxy advisors about the compensation report and the incentive plans, and recommends amendments and changes in practices in response to this input.

In the context of transparency on compensation matters, the Group has issued guidelines in accordance with local laws to link pay measures to all levels of the organization, while variable pay schemes will be linked to individual performance appraisal. The fixed element of remuneration is reviewed annually and, if necessary, updated to remain competitive with market conditions, while also considering internal equity, personal performance and the requirements of local regulations. This meritocratic approach is based on a global system of performance assessment (P3) that is applied on a consistent basis throughout the entire Group.

Yes: Your Employee Shares

Towards the end of 2013, the Prysmian Group launched the YES (Your Employee Shares) Plan, which is a share ownership scheme open to all employees. Currently active in 28 countries, it allows employees to purchase shares on favorable terms. The goal is to encourage employees to become stable shareholders, thus making them owners of a small part of the business in which they work. The target audience is around 1%.

In 2018, there were three purchase windows. Over the years, the YES program has proved to be a real success, chosen by more than **9,200 employees**: approximately **53%** of the entitled²⁸ company population became shareholders, with 1.6 million shares owned by employees.

The Shareholders Meeting of April 2018 approved an extension of the plan until 2021, with the inclusion of General Cable from 2019.

²⁷ Further information is available in the 2018 Remuneration Report.

²⁸ The data refers to Prysmian w/o GC since the extension of the programme to the General Cable perimeter is currently under way and will not conclude until June 2019.

GROUP WELFARE SYSTEM

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

Following the recent merger of the Prysmian Group with the General Cable Group, the existing welfare systems present in the countries subject to integration of organizational structures will be thoroughly analyzed with a view to harmonizing them. This task will be carried out in 2019.

In addition to what was presented last year, Prysmian Group w/o General Cable perimeter, there were further initiatives to support employee welfare in the context of employment flexibility. In the Central and Eastern Europe region, smart working has been introduced, allowing people to work remotely for up to two days per month. Also in Prysmian HQ, where smart working had already been in place in 2017, the remote working days were raised from two to four in 2018.

DIALOGUE WITH SOCIAL PARTNERS

The Group maintains constant, profitable relations with workers' representatives and trade unions.

These are founded on mutual understanding and fair discussion, in the conviction that - while respecting the reciprocal roles of each party - there are common interests to be pursued via constructive dialogue.

The workers' representative and trade unions are therefore free to operate in compliance with local legislation and practices.

In the wake of the reorganization of the Group, 2018 was also marked by the signing of agreements with workers' representatives and trade unions in many of the countries where the Group operates.

These agreements covered the normal renewal of the economic and regulatory terms of current payroll contracts, as well as new work hours and shift work where required by market conditions.

One particularly important agreement was signed in July with trade union representatives, allowing the launch of an investment plan for the strengthening of production capacity in the plants that produce optical fiber (Battipaglia - Italy, Douvrin - France).

The percentage of Group employees covered by collective bargaining agreements is 62%²⁹.

Furthermore, at the European level, Prysmian Group qualifies as a group of companies on a community scale and is therefore subject to EU Directives and national transposition laws aimed at improving workers' rights to information and consultation through the European Works Council (EWC).

In particular, the second half of 2018 saw an intense series of negotiations with the European Works Councils of Prysmian and of General Cable, aimed at defining the constitutive agreement of the new joint works council.

The European Works Council is made up of 29 trade union representatives from all European countries where Prysmian is present and meets at least twice a year with the option of further meetings where extraordinary operations are required.

At both European and national level, the communication and consultation process must be initiated in a coordinated way.

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

This operation, involving about 75 employees and implemented in conjunction with a social plan started in the same period in Montereau-France for about 70 people, falls within the framework of the rationalization of the Group, following the merger with General Cable.

In this sense, the process (begun in 2018 and due to be concluded in 2019) aims to rationalize resources through the exploitation of potential synergies deriving from the integration of the two perimeters.

²⁹ The figure does not include the following Legal Entities, equal to about 4% of the Group workforce: Auto Cable Tunisie; EURELECTRIC TUNISIE S.A.; Socit Ivoirienne De Cables S.A.; OAPIL; Oman Cables Industry SAOG; Associated Cables Pvt. Ltd.; Jaguar Communication Consultancy Services Private Ltd

There has been virtually no collective conflict in 2018 within the Group at global level thanks to the pursuit of an industrial relations policy aimed at preventing, through constant and constructive dialogue and effective union consultation, any source of controversy that could potentially generate conflict at different levels. An exception to this general picture has been the Netherlands plants, where, albeit with varying degrees of intensity, there has been conflict in the collective wage bargaining procedure between the national trade unions and the companies association.

These negotiations are still in progress. Also at the Bishopstoke-GB factory, strikes lasting some hours took place in the October over difficulties in the annual wage negotiations between the company and the site unions; it should be added that in the last week of November the parties came to an agreement that also put an end to the unrest.

Finally, it should be pointed out that the industrial action associated with the information and consultation procedure concerning the closure of the site in Casanova (Barcelona) was halted after the signing of an agreement.

We emphasize that, with reference to organizational changes and the relative minimum notice period, each country of the Group shall comply with the relevant local regulations in this context.