

employed in order to maximise cash flow generation and return on investment. The Group also aims to maintain adequate financial leverage for its strategy of organic and acquisition-led growth.

Transparency, corporate governance and market and investor confidence. The Group pays particular attention to its relations with financial markets, shareholders and investors, also because of its public company status. Its focus in this sense is on maintaining and delivering its commitments in terms of target results. Transparency and credibility are also expressed in a system of corporate governance based on strict interpretation and application of the relevant regulations and the adoption of principles and choices drawn from international best practices.

Expansion and growth. The Group's development strategy follows the dual track of growth in size and continuous improvement in profitability. The Group pursues both organic growth of the business, based on a selective investment policy and development of commercial and production synergies, and acquisition-led growth. Growth opportunities are primarily sought among higher value-added tech-driven businesses, while in terms of geographical expansion, the Group's main focus of investment is in countries and markets capable of ensuring high rates of growth and profitability.

Rationalisation and efficiency of industrial and commercial processes. Prysmian has confirmed over time its ability to optimise its industrial processes, including by integrating and rationalising its acquisitions. In fact, the Group has been successfully conducting the process of integration with Draka since 2011 and is on track with its targets. It intends to drive forward the plan to extract synergies from rationalising its organisation and industrial footprint, as well as from procurement activities. The development of synergies with Draka also covers the commercial sphere, involving the integration of product ranges and enhancement of customer service.

MARKET APPROACH

Prysmian Group has perfected a market approach over the years that puts the customer at the centre of its strategic, organisational and business choices. Its commitment to analysing customer expectations and their evolution over time allows the Group to develop organisational and operating models that translate into fast, efficient and targeted responses to the markets concerned.

At the heart of this approach is **Customer Centricity**, which expresses itself in the ability to anticipate and satisfy customer needs through its constant presence, from product design through to delivery, and its provision of a level of service that is monitored against specific, agreed parameters.

Prysmian Group is able to develop solutions that not only meet specific standards but also satisfy precise customer needs. In particular, the Group is able to serve very different segments and markets thanks to its ad hoc matrix organisational structure allowing it to have a local presence even for major global projects.

This means that markets with high local specificity are served by country commercial and development teams, and that markets with global products and customers are followed by integrated business unit teams, while other segments requiring a local presence and cooperation between countries draw on the matrix structure's potential.

The strategy of customer centricity and satisfaction is implemented by having a fast, smooth organisation

throughout the supply chain, capable of expediting decision-making and time to market by adapting itself to the needs of the various industries through continuous investment in innovation.

One of the ways of implementing customer centricity is through **Factory Reliability**, a process that makes it possible not only to improve the reliability of planning and the execution of manufacturing output, in terms of both mix and volumes in ever faster response times, but also to have stricter control over inventory levels for every type of stock (raw materials, intermediate and finished goods); this enables the Group to deal effectively and efficiently with upswings and downswings in sales volumes and consequent variation in manufacturing output.

In addition to the Customer Centricity and Factory Reliability propositions, Prysmian Group has also started **Supply Chain Integration** projects with some of its most important global customers with the goal of improving process effectiveness and efficiency throughout the supply chain, from the producers of raw materials and intermediate goods used in manufacturing through to the end cable user.

CORPORATE GOVERNANCE

Effective and efficient, in order to create long-term sustainable value and produce a virtuous circle at the centre of which business integrity.

Prysmian is aware of the importance of a good corporate governance system in order to achieve strategic objectives and create long-term sustainable value, by having a system that is **effective** in complying with the legal and regulatory framework, **efficient** in terms of cost-effectiveness, and **fair** towards all the Group's stakeholders.

Accordingly, the Prysmian Group keeps its corporate governance system constantly aligned with latest recommendations and regulations, adhering to national and international best practices.

In addition, the Group has adopted principles, rules and procedures that govern and guide the conduct of activities by all its organisational and operating units, as well as ensuring that all business transactions are carried out in an effective and transparent manner.

Once again in 2016, Prysmian undertook several initiatives to implement the recommendations of the Corporate Governance Code¹, to which it has adhered.

¹ "Corporate Governance Code for Listed Companies - Ed. July 2015" - approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.