



# 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 2014  
Report approved on 25 February 2015

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**Prysmian**  
Group



REPORT  
ON CORPORATE  
GOVERNANCE  
AND OWNERSHIP  
STRUCTURE

# CONTENTS

GLOSSARY	4
1. ISSUER PROFILE	5
2. OWNERSHIP STRUCTURE (PURSUANT TO ARTICLE 123-BIS TUF) AS AT 31/12/2014	6
A) Share Capital Structure	6
B) Restrictions On Share Transfer	6
C) Significant Holdings In The Share Capital	6
D) Shares With Special Rights	6
E) Employee Share Ownership: Mechanism For Exercising Voting Rights	6
F) Restrictions On Voting Rights	6
G) Shareholder Agreements	6
H) Change Of Control Clauses And Bylaws Provisions Concerning Public Tender Offers	6
I) Authority To Increase Share Capital And Authorisations To Buy Back Shares	7
L) Direction And Coordination (Pursuant To Article 2497 C.c., As Amended)	7
3. COMPLIANCE	8
4. BOARD OF DIRECTORS	9
4.1. Appointment And Replacement	9
4.2. Composition	11
4.3. Role Of The Board Of Directors	15
4.4. Executive Bodies	17
4.5. Other Executive Directors	20
4.6. Independent Directors	20
4.7. Lead Independent Director	21
5. PROCESSING CORPORATE INFORMATION	22
6. BOARD COMMITTEES	23
7. REMUNERATION AND APPOINTMENTS COMMITTEE	24
8. REMUNERATION OF DIRECTORS	26
9. CONTROL AND RISKS COMMITTEE	27
10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	29
10.1. Director In Charge Of The Internal Control And Risk Management System	30
10.2. Head Of Internal Audit	31
10.3. Organisational Model (Pursuant To Legislative Decree 231/2001)	31
10.4. Independent Auditors	32
10.5. Manager Responsible For Preparing Corporate Accounting Documents	33
10.6. Coordination Between Parties Involved In The Internal Control And Risk Management System	33
11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS	34
12. APPOINTMENT OF STATUTORY AUDITORS	35
13. STATUTORY AUDITORS	36
14. RELATIONS WITH SHAREHOLDERS	38
15. SHAREHOLDERS' MEETINGS	39
16. OTHER CORPORATE GOVERNANCE PRACTICES	40
17. CHANGES SINCE YEAR END	40
TABLES	41
ANNEXES	45

# GLOSSARY

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

**CFO:** Chief Financial Officer.

**The Code/Code of Conduct:** the Code of Conduct for listed companies approved in March 2006 (and most recently amended in July 2014) by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. [Italian Stock Exchange].

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

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

**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.

**CONSOB Issuer Regulations:** Issuer regulations set out by CONSOB with Resolution 11971 of 14 May 1999, as amended.

**Report:** the corporate governance and ownership structure report as set out in Article 123-*bis* TUF.

**Remuneration Report:** report as set out in Article 123-*ter* TUF, drawn up pursuant to Article 84-quater of the CONSOB Issuer Regulations, available on the company website at [www.prysmiangroup.com](http://www.prysmiangroup.com) in the *Investor Relations/Corporate Governance/Remuneration* section.

**Company/Issuer:** Prysmian S.p.A., a company with registered offices in Milan, at viale Sarca 222, tax code, VAT number and Milan Companies Register number 04866320965.

**Bylaws:** The Bylaws of Prysmian S.p.A., version updated on 16 February 2015, available on the company website [www.prysmiangroup.com](http://www.prysmiangroup.com) in the *Investor Relations/Corporate Governance/Bylaws* section.

**TUF:** *Testo Unico della Finanza* (Italy's Consolidated Law on Finance) or Italian Legislative Decree 58 of 24 February 1998.

# 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, 89 manufacturing plants and some 19,000 employees, is well positioned in high-tech markets by offering an extensive range of products, services, technology and know-how. The Group is a world leader in the power cable industry, the main cable market sector by value, whilst also being a top global player in the telecom and fibre optic cable markets.

The Prysmian Group also manufactures and supplies accessories and components for cable systems and high value-added services such as products and systems design and the realization of "turnkey" projects where the Group coordinates and manages the work as well as providing preventive maintenance services.

Since 3 May 2007, Prysmian shares 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 through an accelerated book-building procedure undertaken for selected investors, the company assumed a genuine public company structure, characterised by a wide and fragmented shareholder base.

Early in 2011, Prysmian successfully concluded a public mixed exchange and cash 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. As a result of this transaction, Prysmian obtained control of Draka Holding N.V., thus becoming one of the world's top players in the power and telecom cables and systems industry.

The Company's Corporate Governance structure has been drawn from the recommendations and standards found in the Italian Stock Exchange Code of Conduct for Listed Companies, by which it 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 operations.

The Company has adopted a traditional administration and control model including participation of the shareholders' meeting, the board of directors and the 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, an effective internal control system, on strict 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 conduct of all the Company's organisational and operational organs.

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 memorandum of association and the standards of good management in the conduct 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 Ministry of Economy and Finance and appointed by the Shareholders' Meeting.

## 2. OWNERSHIP STRUCTURE

(pursuant to Article 123-bis TUF) as at 31/12/2014

### 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 2014 came to Euro 21,671,239.70 divided into 216,712,397 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.

On 14 April 2011, the Shareholders' Meeting approved a long-term share-based Prysmian Group employee incentive scheme for the period 2011-2013. This incentive plan ended during this last financial year. It brought about the issue of 2,131,500 new ordinary shares with a par value of Euro 0.10 each, assigned to the plan's beneficiaries.

On 4 March 2013 The Board of Directors resolved the placement of an *Equity linked bond issue*, called "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018" maturing on 8 March 2018 and reserved for institutional investors. Bond placement occurred on 8 March 2013, with settlement taking place on 15 March 2013.

Subsequently, on 16 April 2013, the Shareholders' meeting resolved:

- the convertibility of this bond issue
- the proposal to increase share capital with cash, in one or several payments with the exclusion of option rights, by a maximum nominal amount of Euro 1,344,411.30, by issuing, in one or several instalments, up to 13,444,113 ordinary Company shares, with the same characteristics as its outstanding ordinary shares, exclusively and irrevocably for the conversion of the bond issue.

The initial conversion price of the bonds into the Company's existing and/or new ordinary shares is Euro 22.3146 per share. On 24 May 2013, the securities were admitted to trading on the unregulated Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.

On 31 July 2014, the Board of Directors resolved to not avail itself of the powers granted by the Shareholders' Meeting of 16 April 2014, which permitted the implementation of a long-term share-based Prysmian Group employee incentive scheme for the period 2014-2016. Because of this decision, the statutory provision in view of the aforementioned plan will not be implemented. It envisaged a share capital increase for a maximum amount of Euro 536,480, through the assignment, of a corresponding amount drawn from the "Reserve for share issue as per Article 2349 Civil Code", with the issue of no more than 5,364,800 ordinary shares with a par value of Euro 0.10 each, to be assigned free of charge to the plan's beneficiaries.

### B) Restrictions on share transfer

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

There are no restrictions on share transfer.

### 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 2% of share capital) can be found in Table 1, annexed to this Report.

This information is based on the contents of the Company's Shareholder Register and declarations received from shareholders pursuant to Article 120 of TUF, as at 31 December 2014.

### D) Shares with special rights

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

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

### 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 agreements

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

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

### H) Change of control clauses and Bylaws provisions concerning public tender offers

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

There are no significant agreements currently in force pursuant to Article 123-bis, paragraph 1 letter h) TUF.

The Bylaws contain no provisions that

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

#### **I) Authority to increase share capital and authorisations to buy back shares**

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

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

On 16 April 2014, the Shareholders' Meeting authorised the Board of Directors to adopt a purchase and placement plan for treasury shares, to be exercised one or more times, for a maximum number of shares possessed that will 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 given over to the Board for a period of 18 months from the date of the aforementioned resolution, which is up to 16 October 2015.

During the financial year the Board, based on the aforementioned authorisation by the shareholders, started a share buyback programme with a resolution dated 6 November 2014. This programme's objective is providing the Company with a so-called "store" of treasury shares to be used (i) for any future extraordinary operations; (ii) to meet any obligations arising from convertible or exchangeable bonds with financial instruments issued by the Company, subsidiaries or third parties or (iii) within the scope of any share-based incentive plans reserved for Group directors or employees.

During this programme, which is scheduled to end on 30 January 2015, 1,390,000 shares were purchased on the market for a total value of Euro 19,954,278, using a specifically authorised broker.

During the financial year, a part of the treasury shares held by the Company were assigned to the long-term incentive plan beneficiaries for the period 2011-2013, approved by the Shareholders' Meeting on 14 April 2011, and to the Prysmian Group employees who chose to participate in the first phase of the discounted share purchase plan. For details on the aforementioned scheme, see the Company's 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 Regulations

and the Remuneration Report, published on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) in the *Investor Relations/Corporate Governance/Remuneration Policy* section.

Considering both the operations performed within the scope of the share buyback programme, and the assignments carried out to implement the aforementioned plans, as at 31 December 2014, the Company directly and indirectly held 2,830,318 treasury shares.

#### **L) Direction and coordination (pursuant to Article 2497 c.c., as amended)**

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

The Company is not subject to the control, direction or coordination of other entities as it 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) centralization 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 Company's being structured as a *public company* since March 2010, which, among other things, has led to the absence of a reference shareholder.

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It should be noted that:

- the information required by Article 123-bis, paragraph 1, letter i) ("*Agreements between the company and the directors which provide for indemnity in the event of resignation or dismissal without just cause or if the employment relationship ceases following a public tender offer*") is to be found in the Remuneration Report and briefly summarized 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 Bylaws, other than for compliance with legal and regulatory requirements*") is illustrated in section 4.1 of this report on the Board of Directors 4.1).

## 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 "Italian Stock Exchange Code of Conduct for Listed Companies", by which it abides. This is available on the website, [www.borsaitaliana.it](http://www.borsaitaliana.it).

As at 31 December 2014, the Prysmian Group directly and

indirectly controlled 151 companies with registered offices in Italy and other countries, seven of which are of strategic importance, as detailed below. 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 I) TUF)

Pursuant to the Bylaws, 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 competence, integrity and independence set out by applicable law; in particular, 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, as amended. 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 introduced in TUF, the Company has adopted a slate voting mechanism 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 presented 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 Decision 19109 on 28 January 2015, the minimum shareholding requirement for presenting candidate slates for 2015 is 1%.

Candidate slates must be filed at the Company's registered offices at least twenty-five days before the date set for the Shareholders' Meeting. Within this deadline, together with each slate, individual candidates must file a statement of acceptance of the candidacy, a curriculum vitae, and whether they qualify as an independent director.

Procedures for the submission of slates, for holding elections, for voting and for the replacement of directors who vacate office during their mandate are set out in the Bylaws.

Below is an extract from Article 14 of the Bylaws concerning the foregoing slate and voting system.

*"... The Board of Directors shall be appointed, in compliance with currently applicable regulations on gender balance and pursuant to the following paragraphs, based on slates submitted by shareholders wherein each candidate shall be listed with a sequential number.*

*The outgoing Board of Directors are entitled to submit slates, as are as those shareholders who, alone or together with other shareholders, represent at least 2% (two per cent) of the share capital eligible to vote at ordinary Shareholders' Meetings, or representing a lower percentage as may be required by applicable law or regulations. Ownership of the necessary number of shares for submitting a slate must be proven in*

*the manner and terms required by current regulations. No shareholder or shareholders belonging to the same group or who are connected, even indirectly, may - even through an intermediary or trustee - submit or contribute to the submission of more than one slate. No candidate may appear on more than one slate, under penalty of disqualification. No candidate who is not in possession of the requirements set out in applicable laws may be included on the slate. The first and second candidates on each slate must meet the legal independence requirements.*

*Slates with at least three or more candidates shall include candidates from both genders, so that at least one third (rounded upwards) of the candidates belong to the less well represented gender.*

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

*Without prejudice to the foregoing, slates must be filed with the Company's registered offices and published in compliance with prevailing law. Within the same deadline, each candidate shall file, together with each slate, a declaration confirming his/her candidacy and certifying, under his/her own liability, that there are no reasons why he/she might be ineligible or incompatible for the position and that he/she meets the requirements set out in applicable laws and the Bylaws. Each such declaration shall be accompanied by a curriculum vitae describing the candidate's personal and professional background, also indicating whether he/she would qualify as an independent director. Persons eligible to vote may vote for only one slate. Any slates that do not comply with the foregoing requirements shall be disregarded.*

*The following procedure shall be observed for the election of the Board of Directors: (a) five-sixths of the directors to be elected shall be chosen from the slate that obtains the majority of the votes cast by the shareholders, in the order in which they are listed on the slate; if five-sixths represents 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 these slates shall be successively divided by one, two, three, four and so on according to the number of directors to be elected. The quotients thus obtained shall be allocated to the candidates on each slate in the order specified thereon. The quotients allocated to the candidates on the various slates are then organised into a single decreasing ranking. Those with the highest quotients are elected. If several candidates have obtained the same quotient, the candidate on the slate that has not yet elected any directors or that*

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

*If none of such slates has yet elected a director or they have all elected the same number of directors, the candidate from the slate that obtained the highest number of votes shall be elected. If the different slates receive the same number of votes and their candidates have been assigned the same quotients, the entire Shareholders' Meeting shall vote again. The candidate obtaining the simple majority of votes cast shall be elected.*

*In addition, if the above procedures do not ensure that the composition of the Board of Directors complies with currently applicable regulations on gender balance, the candidate from the best represented gender elected last in numerical order on the slate that received the highest number of votes, will be replaced by the first unelected candidate from the less well represented gender on the same slate in numerical order. This replacement process will be implemented until the composition of the Board of Directors complies with the currently applicable regulations on gender balance. If this procedure does not produce the foregoing result, the replacement will be made by means of a Shareholders' resolution approved by a simple majority, after submitting candidates from the less well represented gender.*

*If only one slate is submitted, or if no slates are submitted, or if the Board of Directors is not being elected in its entirety, the Shareholders' Meeting shall vote with the legal quorum, while nonetheless complying with currently applicable regulations on gender balance.*

*If an independent director should cease to qualify as independent after appointment, he/she shall inform the Board of Directors immediately and, in any event, shall vacate office.*

*If one or more directors should vacate office for any reason whatsoever during the financial year, the Board of Directors shall apply Article 2386 Civil Code. If one or more of the outgoing directors come from a slate also containing the names of unelected candidates, the Board of Directors shall replace them by appointing, in numerical order, the individuals from the slate of the outgoing director, provided that such individuals are still eligible and willing to accept office and provided that (i) at least one of the members of the new Board of Directors - or two if there are more than seven members*

*- meets the legal independence requirements and (ii) there is compliance with current regulations on gender balance. If the majority of directors appointed by the Shareholders' Meeting resign or are disqualified for office for other reasons, the entire Board of Directors shall be considered as having resigned. Such resignation is effective when the Board of Directors is reconstituted with persons appointed by the Shareholders' Meeting, which must be urgently called by the remaining directors....."*

As for the mechanism adopted at the Shareholders' Meeting called to appoint the Directors currently in office, please refer to section 4.2 (Composition) of this Report.

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There are no particular procedures for amending the Bylaws.

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During the 2012 financial year, the Board of Directors approved the adoption of a plan for the succession of executive directors. Therefore, the Board assigned the Remuneration and Appointments Committee with the preliminaries and to submit a proposal for examination.

After completing its work, the Remuneration and Appointments Committee, assisted by relevant company offices, submitted a 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 limit any adverse effects of management changes.

The process of preparing the succession plan initially involved identifying which company officers and functions fell within its scope. Those identified were the executive directors, key managers and, at the Remuneration and Appointments Committee's recommendation, other management positions deemed of particular importance.

In order to define the criteria for identifying possible candidates to succeed to such positions, the Remuneration and Appointments 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.

Subsequent to the succession plan, specific performance evaluation and leadership programmes shall be set out to develop and prepare internal candidates for succession.

## 4.2. COMPOSITION

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

The Company is currently managed by a board of eleven directors. The three-year term of the Board of Directors in office commenced on 18 April 2012 when the Shareholders' Meeting determined that the new Board of Directors should have 11 members, and appointed, using the slate voting mechanism, the first 9 candidates on the slate submitted by the Board of Directors and the first 2 candidates on the slate submitted by the shareholder Clubtre S.p.A..

The three-year term of the Board of Directors currently in office will expire on the date the Shareholders' Meeting approves the financial statements for the year ended 31 December 2014. During the meeting held on 25 February 2014, the Board of Directors acknowledged the resignation of Mr. Frank Dorjee from his post as Director, effective at the end that same meeting. Mr. Dorjee had been a member of Prysmian Board of Directors since 3 March 2011. For his last mandate, he was appointed on 18 April 2012 from the slate submitted by the Board of Directors, which had received the majority of the votes in the Shareholders' Meeting. Mr. Dorjee held the post of Executive Director, given his managerial role as Chief Strategy Officer at Prysmian.

As concerns Mr. Dorjee's replacement, the Board of Directors acknowledged that the unelected candidates on the slate where Mr. Dorjee was also included were no longer available to fill that role. Therefore, the Board co-opted, pursuant to Article 2386 Civil Code, Mr. Massimo Battaini, Executive Vice President Energy Projects of the Group. Mr. Battaini's term of office was 16 April 2014, the date of the first Shareholders' Meeting. At that time, the Shareholders' Meeting confirmed Mr. Massimo Battaini in his post as Director.

The composition of the Board of directors has not changed since the close of the financial year.

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### Director's personal and professional characteristics

(Article 144-decies CONSOB Issuer Regulations)

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

#### Massimo Tononi

##### **Chairman of the Board of Directors - Non-Executive Director**

After receiving his degree in Business Economics in 1988 from the "Luigi Bocconi" University in Milan, he worked until 1993 in the Investment Banking division at Goldman Sachs London. From 1993 to 1994, he was personal assistant to the Chairman of the Istituto per la Ricostruzione Industriale [Industrial

Reconstruction Institute] (IRI S.p.A.). In 1994, he returned to Goldman Sachs, where he became Partner Managing Director of the London Investment Banking Division and beginning in 2005, of the Milan Investment Banking Division. Between May 2006 and May 2008, he served as Undersecretary at Italy's Ministry of Economy and Finance. Having ended his service with the Ministry, he resumed his position as Partner Managing Director at Goldman Sachs London Investment Banking Division until July 2010. He is currently a member of the Board of Directors of Italmobiliare S.p.A. (since June 2014), of Sorin S.p.A. (since June 2010), Non-Executive Director of the London Stock Exchange Group (since September 2010), a member of the Board of Directors of Borsa Italiana S.p.A. (since 2010) and then appointed Chairman (since June 2011), Chairman of ISA - Istituto Atesino di Sviluppo S.p.A. (since June 2012) and Chairman of the Cassa di Compensazione e Garanzia S.p.A. (since September 2013).

He has been a member of the Prysmian Board of Directors since July 2010. He was elected to his current position by the Shareholders' Meeting on 18 April 2012 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Mr. Tononi meets the requirements set out in Article 148, paragraph 3 TUF to qualify as an independent director of the Company.

#### Valerio Battista

##### **Chief Executive Officer and General Manager - Chief Executive Officer of the Prysmian Group**

For five of over 17 years at Pirelli & C. S.p.A., he ran the Energy Cables and Systems business unit, including the 2002-2003 period when the Group went through a successful reorganization. Mr. Battista was awarded his degree in Mechanical Engineering at Florence University in 1981. In 1983, he began working at Uno A Erre Italia S.p.A. as Head of the Engineering Office. In September 1987, he joined the Operations Department in the Steel Cord business unit of the Pirelli Group in Figline Valdarno. In 1997, he was appointed Director of the Pirelli Tyre division's Steel Cord business unit, becoming divisional Purchasing Director in 2001. He became CEO of the Group's Energy Cables and Systems business unit in February 2002 and CEO of the Telecom Cables and Systems business unit in December 2004.

Since June 2014, he has also been the Chairman of Euro-pacable. 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 18 April 2012 from the slate submitted by the Board of Directors, which obtained the majority of votes.

**Massimo Battaini****Executive Vice President Energy Projects - Executive Director**

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 Operations Director of Energy Cables and Telecom Cables at Pirelli. 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 Executive Vice President Energy Projects and Chairman and CEO of Prysmian PowerLink S.r.l., where he is currently employed.

He has been a member of Prysmian Board of Directors since February 2014 when he was co-opted by the then Board of Directors to replace a resigning Director, to then receive confirmation from the Shareholders' Meeting on 16 April 2014.

**Maria Elena Cappello****Non-Executive Director**

In over 20 years of her career in Italy and abroad, she gained significant management experience thanks to steadily increasing responsibilities, achieved by securing competitive advantages, market share, profits, sales growth and cost optimization 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 the EMEA level, including that of Executive Director EMEA Global Services. 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 Deputy Chairman 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 (Italian industrial federation). 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.

She has been an A2A S.p.A. Management Board member from June 2012 to June 2014.

She has also served as an Independent Director of Sace S.p.A. since July 2013 and chairs its Compensation Committee.

Since 2013, she has also served as a Global Female Leadership Summit Advisory Board member.

She was appointed a member of the Prysmian Board of Directors at the Shareholders' Meeting on 18 April 2012, elected by a majority of votes from the Board of Directors slate. The Board of Directors has verified that Ms. Cappello 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 her as an Independent Director of the Company.

**Cesare d'Amico****Non-Executive Director**

In 1982, he earned his degree in Economics and Business from La Sapienza University in Rome. Whilst he began his working career in the engineering department of the family business in 1976. In 1977, he moved to the Scheduled Services department, becoming Liner Services General Manager in 1978. In 1982, he was appointed Chief Executive Officer of d'Amico Società di Navigazione S.p.A. In 1993, he contributed to the launch of the d'Amico Group's dry bulk cargo business. In 1997, he played a prominent role in Finmare's privatisation of Italia di Navigazione S.p.A. Company, a state-owned company, in which he subsequently held the position of Chief Executive Officer until the company's sale to CP Ships Canada in 2002. Since 1997, he has played a key role in developing the business and fleet of d'Amico Dry Limited. He is currently a member of the Board of Directors of d'Amico Dry Limited as well as a director of a number of other companies in the d'Amico Group, including the listed company d'Amico International Shipping S.A. He also holds several positions in other companies that are not part of the d'Amico Group, including Tamburi Investment Partners S.p.A. and the Standard Club Europe Ltd.

He was elected member of the Prysmian Board of Directors on 18 April 2012 on the slate submitted by the shareholder Clubtre, which obtained the second highest number of shareholder votes after the Board of Directors' slate.

The Board of Directors has verified that Mr. d'Amico 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.

## **Claudio De Conto**

### ***Non-Executive Director***

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 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 fact, 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. since its merger with Pirelli S.p.A. in August 2003. From November 2006 until September 2009, he was General Manager and 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 Managing Finance Director 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 and Chairman of the Board of Directors of Star Capital SGR S.p.A. (formerly Efibanca Palladio SGR).

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 Prysman Board of Directors since July 2010. He was elected to his current mandate at the Shareholders' Meeting on 18 April 2012 from the slate presented 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.

## **Giulio Del Ninno**

### ***Non-Executive Director***

He earned his degree in Mechanical Engineering at the Milan Polytechnic. After a brief stint as an air conditioning and heating systems designer, he carried out applied research at SNIA Viscosa Experimental Centre. He joined the Garzanti Group in 1973 as Production Director for Garzanti Editore, a position he held until 1976, when he moved to the Montedison

Group where he held several posts, first as Technical and Research Director in Monte-fibre's Polyester Sector, then as Chairman and Chief Executive Officer of the affiliate Linoleum Due Palme (a manufacturer of textile and PVC floor coverings), then as Head of Total Quality at Montefibre. From 1988 to 1996, he was Electrical Sector Director at Edison (then Selm S.p.A.) and was appointed Chief Executive Officer of the Edison Group in 1996, holding this position until April 2005. From December 2003 to June 2008, he was Chief Executive Officer of Edipower (Edison Group), Italy's number three producer of electricity. From February 2008 until October 2011, he was Chairman of SIAP (Sviluppo Italia Aree Produttive). From September 2008 to September 2013, he served as Chairman of ICQ Holding S.p.A., a company operating in the sector of power generation from renewable sources. On 29 October 2009, he was appointed Deputy Chairman of Italgas S.p.A., the Italcementi group company involved in power generation.

He has been a member of the Prysman Board of Directors since December 2005. He was elected to his current position by the Shareholders' Meeting on 18 April 2012 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Mr. Del Ninno 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.

## **Pier Francesco Facchini**

### ***Chief Financial Officer - Executive Director***

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 Prysman Board of Directors since February 2007. He was elected to his current position by the Shareholders' Meeting on 18 April 2012 from the slate submitted by the Board of Directors, which obtained the majority of votes.

## **Fritz Fröhlich**

### ***Non-Executive Director***

He holds a degree in Economics from the University of Cologne, Germany. He has published a number of articles as well as a book on managing multinational companies. Mr. Fröhlich has had a long international career, starting with a post in the administration department at the Firestone Tire

& Rubber Co. in the United States. In Germany, he served as Export Sales Manager at Fichtel & Sachs AG and Chairman of Sachs-Dolmar GmbH, subsequently becoming Chairman of Krupp Widia GmbH. In 1991, he joined Akzo, the Dutch chemicals and pharmaceuticals multinational, as Chairman of the Fibres Group in Wuppertal, Germany. In 1993, he became a Member of the Management Board with responsibility for the Fibres business. In 1998, he was appointed Chief Financial Officer and Deputy Chairman of the Akzo Nobel Management Board, a position he held until 2004.

In 2004, he received the European Award for Financial Management Excellence from Chemical Week Associates. Reuters Institutional Investor Research voted him best CFO in the European chemicals industry in 2003 and 2004 and best Dutch listed company CFO in 2000. In 2004, he was also awarded the Dutch royal honour of "Officer in the Order of Orange-Nassau". Fritz Fröhlich currently sits on the Supervisory Boards of several international companies.

He has been a member of the Prysmian Board of Directors since March 2011. He was elected to his current position by the Shareholders' Meeting on 18 April 2012 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Mr. Fröhlich 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.

#### **Fabio Ignazio Romeo**

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

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 Group as Director of the Truck division at the Pirelli Tyre business. A year later, he took up the post of Utilities Director at the Pirelli Cables Division. In December 2004, he became Head of the 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 18 April 2012 from the slate submitted by the Board of Directors, which obtained the majority of votes.

#### **Giovanni Tamburi**

##### **Non-Executive Director**

He graduated magna cum laude in Economics and Business from La Sapienza University in Rome. He is the founder and Chairman of TIP - Tamburi Investment Partners S.p.A., a company listed on the Italian Stock Exchange STAR segment and an independent investment/merchant bank focused on developing outstanding mid-size Italian listed corporations. He has been active in corporate finance since 1977, first at the Bastogi Group and then, from 1980, at Euromobiliare (Midland Group - Hong Kong & Shanghai Bank), later becoming Director and Deputy General Manager of Euromobiliare S.p.A., Director of Banca Euromobiliare S.p.A. and of other companies in the group and Managing Director of Euromobiliare Montagu S.p.A., the group's investment bank. Currently, in addition to his position as Chairman and Chief Executive Officer of TIP, he is a Director on the Boards of Amplifon S.p.A., Interpump S.p.A. and Zignago Vetro S.p.A. He was a member of the commission to study Law 35/92 set up by the Finance Ministry (the so-called Privatisation Commission) and a member of the advisory board for privatisations for the City of Milan. He was Professor of Corporate Finance at LIUC (Castellanza - Varese) and of Special Finance at LUISS University in Rome. He is the author of the textbook, *Comprare un'azienda, come e perché* [Buying a Company, How and Why] and the co-author of the textbooks, *Privatizzare, scelte, implicazioni e miraggi* [Privatization, choices, implications and mirages], *Metodi e Tecniche di Privatizzazione* [Methods and Techniques of Privatization], *Privatizzazioni e Disoccupazione, i Poli di Sviluppo Locale* [Privatisations and Unemployment, Local Development Clusters], *Privatizzare con il Project Financing* [Privatising with Project Financing], *di Azionariato dei dipendenti e Stock Option* [Employee Share Ownership and Stock Options], *Finanza d'impresa* [Business financing] and *Corporate Governance*.

He is also a columnist for major national newspapers.

He was elected member of the Prysmian Board of Directors on 18 April 2012 on the slate submitted by the shareholder Clubtre, which obtained the second highest number of shareholder votes after the Board of Directors' slate.

The Board of Directors has verified that Mr. Tamburi 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.

#### Maximum number of appointments in other companies

The Board of Directors prefers to not express an opinion on the maximum number of appointments compatible with effective performance of office by the Issuer's directors because it believes that such a judgement rests firstly with the shareholders when appointing directors and secondly with the individual director when accepting the appointment.

#### Induction Programme

In view of the positive feedback on this programme in the past, the Chairman arranged for an induction meeting to be organised to increase the Directors' and Statutory Auditors' awareness of the Prysmian Group's business. This meeting specifically involved a visit to two Group facilities in Neustadt and Schwerin, Germany.

### 4.3 ROLE OF THE BOARD OF DIRECTORS

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

In 2014, the Board of Directors held seven meetings, lasting an average of two hours and twenty minutes each. The Directors had a 96% attendance average for these meetings, while the Statutory Auditors, in office during the financial year, reported 100% attendance.

As provided for by current regulations, the Company published, in its 21 January 2015 press release, the Board meeting dates scheduled for 2015 for examination of financial results as set out below:

- **25 February 2015:** consolidated financial statements of the Prysmian Group, draft statutory financial statements of Prysmian S.p.A. for the financial year as at 31 December 2014.
- **7 May 2015:** interim report on operations as at 31 March 2015.
- **30 July 2015:** half-yearly financial report as at 30 June 2015.
- **5 November 2015:** interim report on operations as at 30 September 2015.

During the current year, the Board held one meeting before the one that approved this Report.

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Company management is the sole responsibility of the 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 notarization, regarding: (i) mergers or spin offs in the cases provided for by Articles 2505, 2505-bis and 2506-ter Civil Code; (ii) transfer of the registered offices within Italy; (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 Bylaws to comply with legislation (Article 17 of the Bylaws).

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 Bylaws).

The Board of Directors may delegate all or part of its authority, 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 Bylaws:

- (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 or economic impact on the Company's and/or the Group's equity or finances, 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 Executive Committees, as required, 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 and Risks and Corporate Governance Committees, 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 obligatory consultation with the Board of Statutory Auditors and based on minimum requirements set by the Bylaws, the Board of Directors shall appoint the Manager assigned to preparing the corporate accounting documents, setting the term of the appointment, duties and powers in compliance with current regulations (Article 19 of the Bylaws).

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 Bylaws).

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

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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 law (Article 16 of the Bylaws).

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, as required, shall ensure that appropriate information is provided in advance on the matters to be examined (Article 16 of the Bylaws).

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.

The managers assigned to prepare the corporate accounting documents attend the Board of Directors meetings that

address 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 during discussion of issues concerning them, so they can contribute to the discussion. Those mainly called upon to provide clarification at board meetings, are the Head of Internal Audit, to discuss internal control and risk management systems issues, the Head of Human Resources and Organisation, to discuss remuneration issues, and the managers assigned to prepare the corporate accounting documents to discuss accounting and financial statements issues. 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 as at 31 December 2013, the Board of Directors expressed a positive opinion on the adequacy of the Company's organisation, administrative and general accounting structure, also with reference to the system of internal control and to management of conflicts of interest also giving a positive opinion on the size, composition and operation of the Board itself and of its committees. 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.

The Board, in its self-assessment, also considering previous experience in assigning this task to a primary consultant, decided to perform this task independently. Therefore, each director received a questionnaire containing questions requiring them to express their judgement on the size, composition and operation of the Board and its committees. The possibility of offering suggestions or policy proposals was also given. The completed questionnaires were collected by the Board Secretary, who then drafted a summary document of the opinions and suggestions provided. This document was then submitted to the Board of Directors.

The Remuneration and Appointments Committee deemed it unnecessary to provide any comments or suggestions in light of the positive evaluations provided by the Board in its self-assessment. The Board, acknowledging the overall outcome of the Directors' assessments, deemed that the size, composition and operation of the Board of Directors and of its committees were appropriate.

Therefore, it was confirmed that the Board comprises a balanced mix of Independent Directors and management, in line with Prysmian's structure as a public company. The extensive presence of Independent Directors with different characteristics and profiles was also seen as an additional guarantee for shareholders, as well as an excellent support to management in running the business.

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Based on figures reported in the financial statements at 31 December 2013 and quantitative criteria adopted in previous years, seven companies directly or indirectly controlled by the Issuer were identified as strategically important. The quantitative criteria used for this selection was based on the ratio of the value of the following three parameters for each individual company and their consolidated amount:

- consolidated net sales
- net assets
- current assets

Each company with over 5% of at least one of the three parameters was deemed strategically significant.

This quantitative analysis led to ranking these seven as the most strategically important subsidiaries:

- Prysmian Cavi e Sistemi S.r.l.,
- Draka Holding B.V.,

- Prysmian Cables et Systemes France S.A.S.,
- Prysmian Treasury (The Netherlands) B.V.,
- Prysmian Cables & Systems Limited,
- Prysmian PowerLink S.r.l.,
- Prysmian Metals Limited.

The identification, or confirmation, of the criteria for determining the most strategically important subsidiaries is undertaken when the annual corporate governance report is examined and approved.

The assessment of the general performance of operations is based on the information flow from the non-executive directors and statutory auditors which is coordinated by the Chief Executive Officer. This occurs during each Board meeting and specifically in the meetings called to examine the interim financial statements.

## 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

The Board of Directors meeting of 18 April 2012 conferred the office of Chief Executive Officer and General Manager on Valerio Battista, and delegated him all authority and powers of ordinary administration 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 the Company's goods or products, together with goods, products or services offered 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.

Mr. Battista qualifies as head of Company management or the Chief Executive Officer, as described in the Code of Conduct. 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..

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### Chief Financial Officer

At its meeting on 18 April 2012, 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;
- 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, provided that the contract falls within the ordinary administration, with no maximum value limits provided that 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 five years in duration, completing all connected and consequential acts, including the issue of receipts and notification of cancellation, as well as rental contracts and leases for movable assets including for periods of more than five years, 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 guarantee policies), 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;
  - consultant agreements.
- collect receivables and any other sum due to the Company and issue receipts;
- endorse, deposit, collect and present sums, mandates, treasury bills, money orders, cheques and credit instruments of any kind, and issue receipts;
- endorse for deposit and discharge, collect and acknowledge receipt of bills of exchange, excluding the power to accept drafts, to issue promissory notes and provide guarantees; to draw drafts;
- make deposits, including guarantee deposits, in cash or securities at the Cassa dei Depositi e Prestiti and at the provincial branches of the Treasury, and receive receipts and global depository receipts;
- request the issue of banker's drafts; bank cheques and endorse them for deposit;
- sign payment orders in favour of the Company (for funds transfer);
- undertake at Customs Offices, at the Italian state railways (Ferrovie dello Stato - Società di Trasporti e Servizi per Azioni), 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 for and collection of currency declarations relating to import and export transactions; sign and approve invoices, circulation certificates, and requests and statements necessary for the foregoing operations; sign petitions, appeals, claims;
- represent the Company in any bankruptcy proceedings, compulsory administrative liquidation and receivership or extraordinary administration and promote such declarations; provide proof of receivables; attend meetings of creditors; accept and reject proposals for composition with creditors and requests to enter receivership or

extraordinary administration regimes; issue receipts and acquittance 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, elect domicile 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 proxies with all the necessary powers; elect domicile for service;
- represent the Company in court, with all the necessary powers including those as per Article 183 and Article 547 of the Code of Civil Procedure, for the matters regarding the powers hereby conferred; initiate and conclude legal proceedings, including 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 attorneys, representatives and technical experts with all the necessary powers; elect domicile for service;
- 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 50,000,000 (fifty 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 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;
- 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 10,000,000 (ten million euros) 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 limits of the powers granted, special mandates for acts or series of particular acts.

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#### **Chairman**

The Board Chairman, Massimo Tononi, 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.

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#### **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 of Legislative Decree 58/98; this reporting obligation has always been fulfilled during of the Board of Directors meetings.

Pursuant to Article 19 of the Bylaws, 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 and 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 company 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 *Investor Relations/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 has also established the practice, at every Board meeting and regardless of how much time has elapsed since the previous meeting, of reporting 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 e 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 as Chairman with executive powers of Prysmian Cavi e Sistemi S.r.l., one of the Issuer's strategically significant subsidiaries.

Pier Francesco Facchini is an executive director because of his appointment as Chief Financial Officer of the Company (see section 4.4), and as Chairman of the Audit Committee

of Prysmian Cables et Systemes France S.A.S., one of the Issuer's strategically significant subsidiaries.

Fabio Ignazio Romeo is an executive director because of his appointment as Head of Corporate Strategy and Development of the Prysmian Group and member of the Audot Committee of Prysmian Cables et Systemes France S.A.S., as well as member of the Board of Directors of Prysmian Cables & Systems Ltd., two of the Issuer's strategically significant subsidiaries.

Lastly, Massimo Battaini is an executive director because of his appointment as Executive Vice President Energy Projects, as well as Chairman and CEO of Prysmian PowerLink S.r.l., one of the Issuer's strategically significant subsidiaries.

## 4.6. INDEPENDENT DIRECTORS

Seven of the eleven Directors appointed by the Shareholders' Meeting on 18 April 2012 stated that they possess the independence requirements under Article 148, paragraph 3 TUF and Article 3.C.1 and Article 3.C.2 of the Code, when presenting their candidacy for the renewal of the Board of Directors.

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 independent 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 was of the opinion that the Directors, Maria Elena Cappello, Cesare

d'Amico, Claudio De Conto, Giulio Del Ninno, Fritz Fröhlich and Giovanni Tamburi did possess those requirements making them "independent", pursuant to Article 148, paragraph 3 TUF and Article 3.C.1 and Article 3.C.2 of the Code.

The Board also deemed that Massimo Tononi possessed the requirements for independence pursuant to Article 148, paragraph 3 TUF. Indeed, after his appointment as Chairman of the Board of Directors Mr. Tononi was considered a "key representative of the Issuer" pursuant to the 3.C.2 application criteria of the Code and the Board therefore did not deem him to be in possession of the independence requirements provided for by the Code.

In addition, the Independent Directors also undertake to promptly inform the Board of Directors of the occurrence of any circumstances that might invalidate this qualification. Annually, at the meeting to approve the Corporate Governance Report, the Board of Directors invites the directors concerned to reconfirm their independence and examines any additional information they may have provided.

The Board also determined that a director is not normally considered independent if, during the previous financial year, that director has had commercial, financial or professional dealings with the Company, its subsidiaries, or with any of their principal representatives or with a party that controls

the Issuer, or with its related principal representatives, if the total value of such dealings is greater than: (i) 5% of the turnover of the legal entity, organisation or professional practice, of which the director has control or in which he/she is a principal 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 practice, of which the director has control or in which he/she is a principal representative or partner.

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The Board of Statutory Auditors has ensured the proper application of the criteria and the 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.

During the financial year, two meetings with only those directors in possession of the independence requirements under TUF in attendance were held. At these meetings, the independent directors discussed the relationships among non-executive and executive directors, and the information provided by the latter and by the Company management to deal with the issues on the Board of Directors' meetings agendas.

## 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 reporting of documents and information about the Company

The Board of Directors adopted a set of regulations for internal management and external reporting of documents and information about the Company, especially concerning price sensitive information. These regulations transpose the legal definitions of price sensitive and confidential information and the clarifications provided by CONSOB as well as standard practice whilst also defining how information falling under these definitions should be managed and identifying the company managers who will manage and coordinate information flows up through disclosure to the market in compliance with current law. These regulations may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance*.

The aforementioned regulations have also been supplemented by internal operational standards and procedures for the preparation and disclosure of financial information. These instruments make for more effective governance of the roles, responsibilities and methods of managing price sensitive information, as concerns its verification, the updating of the Insider Register, its handling, internal circulation and disclosure to third parties (where particular conditions must be observed), as well as to market disclosure in compliance with the terms and procedures provided for by current legislation. The members of the governing bodies, employees and partners of the Company, as well as of subsidiaries, which may have access to price sensitive information, must comply with these standards and procedures.

### Insider Register

In compliance with Article 115-bis of Legislative Decree 58/98, the Board of Directors has set up an Insider Register of those persons with access to price sensitive information.

Entries and updates to the Insider Register may be made on a permanent or interim basis. Department managers shall be responsible for identifying those people within their own field of competence whose names are to be communicated to the office maintaining the register.

### Internal Dealing

Pursuant to Article 114, paragraph 7 TUF and Articles 152-sexies, 152-septies and 152-octies of the CONSOB Issuer Regulations, the Company has adopted a “Code of Conduct for Internal Dealing”, aimed at governing the reporting obligations for transactions in financial instruments undertaken by persons who, because of their position, have access to relevant information (so-called Internal Dealing). This code

of conduct 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 identify 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, parties who carry out direction activities and managers of relevant subsidiaries (pursuant to the above code) and lastly (vi) the so-called “Persons Closely Related to Relevant Persons.” The legal provisions governing the issues in this section were assimilated in the “Code of Conduct for Internal Dealing”, a copy of which may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance*.

The above Code of Conduct for Internal Dealing also sets out blackout periods during which Relevant Persons and Persons Closely Related to Relevant Persons cannot buy, sell, subscribe or exchange shares issued by Prysmian and/or financial instruments linked to its shares. The blackout periods are as follows:

- 30 (thirty) calendar days preceding the public announcement of approval of the Company’s draft annual financial statements and its half-year financial reports;
- 15 (fifteen) calendar days preceding the public announcement of approval of the Company’s interim management reports.

This exclusion does not apply to the exercise of rights granted under the Company’s stock option plans, without prejudice to the ban on transactions in financial instruments, which are the subject to these rights during the blackout periods specified in the applicable regulations of the aforementioned plans.

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 conduct of transactions by Relevant Persons and Persons Closely Related to Relevant Persons shall be subject to limits or conditions, by immediately informing the Relevant Persons and the person responsible for implementation of the Code, and (ii) allow a Relevant Person and a Person Closely Related to 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) Control and Risks Committee
- (ii) Remuneration and Appointments Committee.

The composition, functions, duties, resources and activities of the Committees in (i) and (ii) are described in subsequent sections of this Report.

## 7. REMUNERATION AND APPOINTMENTS COMMITTEE

The Company's Board of Directors has set up an internal committee to provide advice and proposals on (i) the compensation of directors and senior management, (ii) the appointment/replacement of independent directors and (iii) the evaluation of the size and composition of the Board itself, whilst also approving provisions for this committee's operation.

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

The Board of Directors has appointed the following Directors as members of the Remuneration and Appointments Committee:

- Claudio De Conto, independent non-executive director pursuant to the Code and TUF;
- Giulio Del Ninno, independent non-executive director pursuant to the Code and TUF;
- Massimo Tononi, independent non-executive director pursuant to TUF;

The Committee's membership must comprise solely non-executive directors, of whom at least two are independent.

The Committee appointed Giulio Del Ninno as its Chairman and the Head of Group Human Resources and Organisation as its Secretary.

The Committee's membership did not change during the course of the year.

As stated in its rules of procedure, which may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance/Committees*, the Remuneration and Appointments Committee has the following duties:

- A) evaluate and make proposals to the Board of Directors on remuneration policy proposed by the Company for Directors with strategic responsibilities i.e., Key Managers;
- B) 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;
- C) 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 (i) 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 (ii) 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;

- D) 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 justified decision by the Shareholders' Meeting;
- E) 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;
- F) 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;
- G) 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;
- H) 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 a director of the Company, also taking into account directors' participation on board committees;



- I) 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 Civil Code;
- J) 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.

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

In 2014, the Committee held five meetings, lasting an average of 60 minutes each, during which it:

- (i) developed proposals for presentation to the Board concerning both the fixed and variable remuneration of Executive Directors and Key Managers;
- (ii) 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;

- (iii) 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;
- (iv) made a proposal to the Board for submitting to the Shareholders' Meeting's approval a three-year incentive plan for Prysmian Group employees, supporting the Board in its subsequent decision to not implement the plan;
- (v) took part in the process of reviewing and planning the succession for senior positions in the Group;
- (vi) followed the implementation and results achieved by the Group Employee Share Ownership Plan.

All members of the Committee took part in the meetings held during the financial year. These meetings were also attended by the Head of Group Human Resources and Organisation in his role as committee secretary.

For additional information about the Remuneration and Appointments Committee, see the Remuneration Report published pursuant to Article 123-ter TUF.

## 8. REMUNERATION OF DIRECTORS

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

The Executive Directors and some Key Managers were beneficiaries of the long-term share-based incentive scheme for the period 2011-2013, paid out during the financial year. They also joined the discounted share purchase plan open to Prysmian Group employees, introduced by the Company in 2013 and carried out during the financial year. 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 13,335.00 euros. Details of the execution of this scheme are set out in the Company's Annual Report in the section entitled "Incentive Plans" forming part of the Directors' Report, in the disclosure document prepared pursuant to Article 84-bis of the CONSOB Issuer Regulations, and in the Remuneration Report, all of which may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance/Remuneration Policy*.

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The remuneration of Directors is determined pursuant to Article 2389 Civil Code by the Shareholders' Meeting, which may also determine an overall sum for the remuneration due to Directors, including those with particular responsibilities. In this case, the Board of Directors having examined the Remuneration Committee's proposals and consulted the Board of Statutory Auditors, shall divide up the overall sum 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 Bylaws). The Shareholders' Meeting of 18 April 2012 awarded the Board, in addition to reimbursement of expenses incurred in the interests of the Company, an overall gross fee of Euro 430,000 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 has accepted the recommendation presented by the Remuneration and Appointments Committee, establishing the following division for the overall annual remuneration:

(i) Euro 30,000 to the Chairman of the Board of Directors, (ii) Euro 40,000 to each of the 7 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 TUF.

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### **Indemnity of directors in the event of resignation, dismissal or termination following a public tender offer (pursuant to Article 123-bis, paragraph 1 letter i) TUF)**

As concerns the agreements between the Issuer and the Directors, which provide for indemnity in the event of resignation, dismissal/termination without just cause or if the working relationship ceases following a public tender offer, it should be noted:

- The Chief Executive Officer and General Manager, Valerio Battista, has also been an employee of Prysmian S.p.A., with a permanent contract as a manager since 1 June 2006. His length of service and his appointment to management status date back to 1 January 1989, while his employment severance indemnity began on 1 July 2005. Should the Company terminate the relationship without just cause or adequate disciplinary reasons for such termination, the Company shall pay Valerio Battista the gross sum of Euro 4.5 million.
- The Director and CFO, Pier Francesco Facchini, has also been an employee of Prysmian S.p.A., with a permanent contract as a manager since 8 January 2007. Should the Company terminate the relationship without just cause or adequate disciplinary reasons for such termination, and also in the case of dismissal with just cause, the Company shall pay Pier Francesco Facchini indemnity in lieu of notice corresponding to 24 months' salary, calculated taking into account only his fixed annual remuneration at the time employment ceases.

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 employment 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 Issuer and the other Directors that provide for indemnity in the event of resignation, dismissal/termination without just cause or if the working relationship ceases following a public tender offer.

## 9. CONTROL AND RISKS COMMITTEE

The Board of Directors set up a Control and Risks Committee (previously known as the “Internal Control 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 *Investor Relations/Corporate Governance/Committees*.

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

The Board of Directors appointed the following Directors as members of the Control and Risks Committee:

- Maria Elena Cappello, independent non-executive director pursuant to the Code and TUF;
- Claudio De Conto, independent non-executive director pursuant to the Code and TUF;
- Fritz Fröhlich, independent non-executive director pursuant to the Code and TUF.

This Committee must comprise solely non-executive directors, of whom at least two shall be independent.

The Committee appointed Claudio De Conto as its Chairman, and the Head of Internal Audit as its Secretary.

The Committee’s membership did not change during the course of the year. Its current composition was determined after the renewal of the Board of Directors at the Shareholders’ Meeting on 18 April 2012.

The Chairman of the Board of Statutory Auditors, or the other standing Statutory Auditors in his place, attended every meeting of the Control and Risks Committee, whilst employees and experts, including representatives of the independent auditors, were also invited to attend in an advisory capacity.

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 statements;
- 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 Head of Internal Audit;
- (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 Head of Internal Audit, 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) to assist the Board of Directors by
  - (i) evaluating, together with the Manager 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 internal audit;
  - (iv) monitoring the independence, adequacy, effectiveness and efficiency of internal audit;
  - (v) being able to request internal audit to perform tests on specific operating areas, notifying the Chairman of the Board of Statutory Auditors at the same time;
- D) reporting 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) if identified by the Board of Directors as the committee responsible for certain functions required by current regulations on related party transactions, providing opinions to the body responsible for approving specific related party transactions undertaken by the Company, or its subsidiaries, pursuant to the procedures adopted by the Company governing related party transactions;
- F) monitoring compliance with the Code of Ethics adopted by the Company.

Upon Legislative Decree 39/2010 becoming effective, the

## CONTROL AND RISKS COMMITTEE

Board of Statutory Auditors were 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 new 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 putting them into effect.

During the financial year, the Control and Risks Committee held five meetings, lasting an average of 1 hour and 45 minutes each.

All the members of the Committee were present at the meetings held during the year.

During these meetings, among other issues, the Committee examined:

- the consolidated financial statements for 2013, the half-year financial report for 2014 and the results of the financial audits, as well as the interim management reports;
- the internal audit plan, internal audit activities carried out, the Group risk assessment activities, the status of the internal audit plan for 2014 and its results, as well as the structure and role of the Internal Audit Department.

# 10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors has defined guidelines for the internal control system, so that the main risks facing the Issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining how such risks are compatible with sound, correct management of the business.

In 2012, within the scope of the ordinary continuous updating of the internal control system, the Group commenced a process aimed at making the current system compliant with new applicable provisions of the Code of Conduct and, therefore, inter alia, at implementing an integrated risk management system. On 27 February 2013, the Board of Directors defined and approved the new integrated System of Internal Control and Risk Management guidelines, which since 2013 have already permitted the Board of Directors to define the nature and level of risks consistent with the strategic objectives of the Group in a structured manner (using an Enterprise Risk Management, "ERM", approach).

The establishment of the new system was finalised in 2013 with a Chief Risk Officer being appointed to manage the ERM process. This officer reports to an Internal Risk Management Committee comprised of Group senior management.

The Board of Directors also appointed a Head of Internal Audit, with responsibility for verifying, independently and objectively, that the internal control and risk management system, including the ERM process, is operating adequately and effectively.

The Head of Internal Audit reports directly to the Prysmian Board of Directors and to the Control and Risks Committee. The Internal Audit Department draws up an annual audit plan based on an assessment of risks.

Risk factors are analysed and revised every year to ensure that the audit plan properly covers the risks to which the Group is exposed. Pursuant to the Code and international best practices, the ERM process directly informs the audit planning activity by providing a systematic and structured framework for risk identification and analysis. Planning activities also includes specific interviews with senior management to identify further risks, uncertainties or specific audit requests to be taken into consideration. Results of previous internal audit activities are analysed to identify potential trends, any widespread weaknesses in internal control and similar recommendations which may indicate areas requiring additional focus. The implementation status of previous internal audit recommendations is also reviewed. During these activities, risks related to business planning and financial reporting are always considered as one of the main areas of risk to which the business is exposed. Once these activities are completed, the Annual Internal Audit Plan is submitted for approval, first

by the Control and Risks Committee and then by the Board of Directors.

In conducting internal audit activities, the Head of Internal Audit and the Internal Audit Department are given complete access to all relevant data, documentation, information and personnel to enable them to perform each audit.

The Head of Internal Audit attends every meeting of the Control and Risks Committee, where the results of internal audit activities are reported along with issues encountered and the agreed remediation actions. The status of the audit plan is also reported during each meeting and any significant changes to the original audit plan and the level of implementation of the previously agreed remediation actions are discussed.

The Board of Directors has evaluated the internal control system's adequacy, effectiveness and actual operation during the course of the year and on 25 February 2014 confirmed that the operation of the system was satisfactory.

## **Main features of the internal control and risk management system over the financial reporting process (pursuant to Article 123-bis, paragraph 2 letter b) TUF)**

Internal controls for managing financial reporting risks form part of the overall internal control system. The Prysmian Group maintains a system of administrative and accounting procedures to ensure the soundness, accuracy, reliability and timeliness of financial disclosure. The Company uses policies, procedures and operating instructions to guarantee an effective flow of information from its operating companies.

These include the Group Accounting Manual (rules for the use and application of accounting policies), the Administrative Processes Manual, the procedures for creating and publishing financial information and other procedures for the preparation of the consolidated financial statements and interim financial reports (including the chart of accounts, the consolidation procedures and procedures for related party transactions). Prysmian Group head office departments are responsible for distributing this documentation to the operating companies, all of whom can access these accounting policies, procedures and rules through the Group's Intranet site. The operating companies also issue local policies, procedures and rules that comply with the Company's guidelines.

The Company has adopted a centrally coordinated evaluation system and certification process for the purposes of assessing the adequacy and effectiveness of the internal control system, which includes controls over the financial reporting process, and in compliance with Law 262/05 (Investor Protection Act). This system was developed using the COSO framework to

identify key risks and thus the required key controls to be established to mitigate the risks identified and to ensure the internal control system operates effectively. A scoping exercise was also carried out to identify the Prysmian Group's critical processes, sub-processes, the relevant head office departments, and the relevant companies to be included in the reporting system. This activity was updated in 2011 following the acquisition of Draka and is subject to ongoing analysis and revision in response to organisational changes and developments.

The Internal Audit Department, during the implementation of the system, independently verifies the key controls identified for each of the Group's processes and reporting companies, as identified in the scoping activity. Areas for improvement are reported to the Company's Senior Management and also to the Control and Risks Committee. Action plans are agreed with each process owner or reporting company to strengthen existing controls or rectify any weaknesses. The Internal Audit Department monitors the implementation status of these action plans and updates Senior Management and the Control and Risks Committee accordingly.

The Chief Executive Officer and Chief Financial Officer of every Group operating company, and the directors of the relevant head office units and departments, are responsible for maintaining an adequate internal control system and this includes periodically verifying the key controls, identified and checked by the Internal Audit Department during implementation, to confirm that they continue to operate effectively

and efficiently. Every six months, these officers are required to submit certification confirming that the internal control system is operating properly. This signed certification is then sent to Prysmian Group's Chief Financial Officer, the managers responsible for preparing corporate accounting documents and to the Head of Internal Audit. To support this certification the officers must also confirm that they have specifically tested the operation of key controls and that documentary evidence supporting their conclusions has been retained for future independent review. To achieve this, Prysmian requires each operating company to submit a detailed "Internal Control Questionnaire" (ICQ). These ICQs document the key controls for each critical business and financial process, describe how the control works in that operating unit and what type of tests have been performed in the reporting period to confirm the adequacy of the control. The owner of each business and financial process must update the ICQ every six months.

The Internal Audit Department reviews the ICQ submissions and may select a number of operating companies or processes for detailed follow-up audits to confirm the integrity of the submission. The results of these audits are reported in accordance with all other the Internal Audit reporting process procedures.

The Company believes this ensures that the number of processes and material reporting entities incorporated within the evaluation system and certification process is sufficient to maintain reliable controls over financial reporting and its ongoing obligations pursuant to Law 262/05.

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

The Board of Directors appointed Valerio Battista, the Chief Executive Officer and General Manager, as Director in Charge of supervising the operation of the internal control and risk management system. This choice is in line with the provisions of the Code of Conduct, the Best Practices and the Company's organisational structure.

As required by the Code, the Board of Directors has given the Director in Charge of supervising the operation of the internal control and risk management system responsibility for all the duties and functions that the Code associates with this role.

In particular, this supervisor is responsible for identifying the principal business risks by implementing the policy guidelines established by the Board of Directors and for managing the internal control and risk management system by constantly monitoring its adequacy and effectiveness. This supervisor may also request the Internal Audit Department to carry out specific auditing and testing activities for the purposes of the periodic reports to be provided to the Chairmen of the Board of Directors, of the Control and Risks Committee and of the Board of Statutory Auditors.

## 10.2 HEAD OF INTERNAL AUDIT

To guarantee an adequate system of internal control and risk management, the Company has set up an Internal Audit Department, the head of which is responsible for all the duties attributed to this position by the Code.

During the financial year, a change in the head of the Internal Audit Department was made. The current head of this department, Marc Sinagra, was appointed by the Board of Directors at the proposal of the Director in Charge of supervising the operation of the internal control and risk management system and after consulting the Control and Risks Committee. The Board of Directors assessed his remuneration pursuant to the Company's policies and following consultation with the Control and Risks Committee and the Board of Statutory Auditors.

The Head of Internal Audit shall verify, both on a continuous basis and in relation to special needs, in compliance with international professional standards, the adequacy and effective operation of the internal control and risk management system, through an audit plan, to be approved by the Board of Directors. Such a plan shall be risk based and be developed with direct reference to the formalised and structured analysis and ranking of the main risks identified by the ERM process.

The Head of Internal Audit has had direct access to all the information needed to perform his duties; he has reported on his activities to the Chairmen of the Board of Statutory Auditors, of the Control and Risks Committee and of the

Board of Directors, as well as to the Director in Charge of the internal control and risk management system and is not accountable to line managers.

He also acts as the Secretary to the Control and Risks Committee, and so takes part in this Committee's meetings and coordinates its work.

If requested by the Board of Statutory Auditors, he reports during their quarterly inspections on the issues in the scope of his responsibility.

In 2014, the Head of Internal Audit fulfilled his responsibility for overseeing the execution of the risk-based Annual Internal Audit Plan, and any approved changes arising from specific risk events or scenarios arising during the year.

In some instances, the audits performed were investigatory in nature and related to alleged instances of fraudulent behaviour or breaches of internal or external laws and regulations. The Head of Internal Audit also defined and monitored the computerized internal audit activities performed by external experts in the conduct of the risk-based Annual Internal Audit Plan.

To further enhance the capability and effectiveness of the Internal Audit Department, and to further strengthen the overall adequacy of the system of risk management and internal control, the Head of Internal Audit also assisted in the further development of the ERM process and the ongoing disclosure and monitoring of adherence to the Company's code of ethics and procedures.

## 10.3 ORGANISATIONAL MODEL (pursuant to Legislative Decree 231/2001)

By resolution of the Board of Directors on 24 January 2006, the Company adopted an organisational model (the "Model") in compliance with the requirements of Legislative Decree 231/2001. As a result of constant revisions and updates, the Board of Directors approved a new version of this Model on 27 August 2008, whose revisions were primarily for compliance with intervening changes in the law.

In view of developments in the Company's corporate governance system and to ensure compliance with intervening changes in the law, during the year, the Organisational Model adopted by the Company and by the Group's Italian companies was updated according to their specific characteristics and different operations.

Update of the Model is constantly linked to the extension of the Company's administrative liability to new types of offences, and of changes in the Company's organizational structure after adopting the original organisational model.

A Model for the Company has therefore been developed and is

constantly updated, which fully complies with the guidelines identified by analysing and mapping business processes at risk of criminal offence and which is consistent with the Company's specific characteristics, and thus is able to meet the effectiveness requirements required by the law.

The Model adopted by the Company is reflected in the following documents:

- (a) *Code of Ethics* This sets out the general principles (transparency, integrity and fairness) which underpin the conduct of business and which are compliant with Legislative Decree 231/2001. It also indicates the goals and values which characterise the Company's operations. This document is published on the Prysmian website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/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 at every one of the Group's member companies. The

contents of the Code of Ethics have also been disseminated through specific training sessions.

- (b) *Rules of Conduct* These contain specific rules for dealing with public officials. They were drawn up to meet the specific requirements of Legislative Decree 231/2001 with regard to the prevention of potential risk situations. These guidelines set out types of conduct to be actively adopted and conduct to be avoided, thus translating the contents of the Code of Ethics into practical guidelines.
- (c) *Rules of Governance* This descriptive document is structured as follows:
- *Preface*: this contains a description of the Prysmian business and organisation, to put the Model into its specific corporate context.
  - *Section One*: this contains a general description of the Decree content and of the Model's purpose.
  - *Section Two*: this provides details of the Model's specific rules of governance.

This document contains, inter alia, a list and description of offences, an organisational chart, contractual clauses and a list of procedures. It also describes procedures for constant updating the Model, with a chapter on the Oversight Board (duties assigned, provisions for ineligibility for cause, revoca-

tion, disqualification and suspension of members, spending budget for its work), for its dissemination and the training of its recipients and for its adoption.

- (d) *Decision-making and control protocols* These have the purpose of governing all significant risks mapped:
- roles and responsibilities of persons involved
  - decision-making/authorisation procedures
  - procedures for management and control of activities at risk

#### Oversight Board

This is the body appointed by the Board of Directors in compliance with Legislative Decree 231/2001. Its task is to monitor the Model's operation and compliance therewith, as well as to oversee its updating, by presenting the Board of Directors with proposed revisions and changes to the existing Model.

The Oversight Board reports at least once every six months to the Board of Directors on the Model's application and effectiveness. The Oversight Board currently in office comprises the Head of Internal Audit, a consultant who is also a former statutory auditor of Prysmian and other Prysmian Group Italian companies, and a consultant with expertise in the application of Legislative Decree 231/01.

## 10.4 INDEPENDENT AUDITORS

Pursuant to law, the independent audit of the accounts is carried out by a firm of auditors registered with CONSOB. The Bylaws state that this assignment must be conferred by the Shareholders' Meeting at the justified proposal of the Board of Statutory Auditors.

The serving independent auditors are PricewaterhouseCoopers S.p.A.. They were engaged by the Shareholders' Meeting

of 16 January 2007 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 2007-2015. The engagement will end with the approval of the financial statements for the year ended 31 December 2015.



## 10.5 MANAGER RESPONSIBLE FOR PREPARING CORPORATE ACCOUNTING DOCUMENTS

Among the duties the Bylaws assign the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors there is the appointment of the manager responsible for preparing corporate accounting documents along with the determination of this manager's term in office, functions and powers pursuant to law. The Board of Directors may also remove this manager from office if necessary.

According to Article 19 of the Bylaws, the manager responsible for preparing corporate accounting documents must be chosen on the basis of professional ability and competence from persons with no less than three years of experience in 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 the duties involved managing economic and financial resources.

Bearing in mind the Prysmian Group's organisational structure, the Board of Directors has jointly appointed the heads of the "Financial Statements & Compliance" and "Planning & Controlling" departments as the managers responsible for preparing corporate accounting documents. In making this appointment, the Board of Directors took account of the best

practices adopted by other listed companies, also supported by an interpretation published by Assonime (Italy's listed company association), 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.

In compliance with the foregoing, during the year, the position of manager responsible for preparing corporate accounting documents was jointly held by Carlo Soprano, Head of Financial Statements & Compliance, and Andreas Bott, Head of Planning & Controlling.

The managers responsible for preparing corporate accounting documents, together with the Chief Executive Officer, attest in a specific report attached to the Company's separate and consolidated financial statements and its half-year condensed financial statements, that the administrative and accounting processes have been adequately and effectively applied and that these documents correspond to the underlying accounting records and books of account and are able to provide a true and fair view of the financial, economic and assets situation of the Company and of the group of companies included in the consolidation.

The managers responsible for preparing corporate accounting documents also issue specific statements certifying that interim financial information (e.g., interim management reports and/or press releases issued to the market) corresponds to the underlying accounting records and books of account of the company and group of companies included in the consolidation.

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

The Head of Internal Audit and the Control and Risk Committee perform a critical role in the coordination of the parties involved in the system of internal control and risk management. The Head of Internal Audit reports on his activities to the director in charge of the internal control and risk management system, to the Control and Risks Committee and, as required, to the Chairmen of the Boards of Directors of the Prysmian Group's Italian companies. In addition, he is a member of the Monitoring Boards of each of the Italian entities within the Prysmian Group and attends all meetings of the Internal Risk Management Committee.

The Control and Risks Committee meets regularly, including at least once a quarter prior to the Board of Directors' meeting to approve the financial results of the Company. The Board of Statutory Auditors are invited to attend each and every meeting of the Control and Risks Committee and receive all reports provided by the Head of Internal Audit to the Board of Directors, the Control and Risks Committee and the director in charge of the internal control and risk management system. The managers responsible for preparing corporate accounting documents attend the Control and Risks Committee meetings at least twice each year.

## 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 *Investor Relations/Corporate Governance/Related Parties Regulation*. 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 publication of information concerning the Prysmian list of related parties; (iii) how transactions that the Company intends to carry out with related parties should be reviewed 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 the 2013 financial year, at the recommendation of the Board of Directors, these procedures were updated, with the approval of the relevant committee, in order to implement the new policy adopted for identifying Key Managers.

Related party transactions are examined in the notes to the financial statements in the section entitled "Related party transactions", which lists and discusses these transactions.

## 12. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to the Bylaws, the appointment of the Statutory Auditors takes place on the basis of 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 19109 of 28 January 2015 the mini-mum shareholding requirement for presenting candidate slates was set at 1% for 2015.

The Bylaws (Article 21) contains procedures for the submission of slates, for compliance with applicable legislation concerning gender balance, for the conduct of elections and the voting process and the replacement of statutory auditors who vacate 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 from both genders, so that 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 belong to the less well represented gender in that slate.

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 gender balance, 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 Bylaws, members of the Board of Statutory Auditors must fulfil the requirements of professional and personal standing 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.

On the occasion of the appointment of the current Board of Statutory Auditors on 16 April 2013, the Shareholders' Meeting elected the new statutory auditors using the slate voting system.

On that occasion, the Shareholders' Meeting appointed the Board of Statutory Auditors for the next three years (until approval of the financial statements for the year ended 31 December 2015), and set the annual fee for the Board's Chairman at Euro 75,000 and at Euro 50,000 for each of the standing members.

Based on the two slates presented, the following persons were appointed as members of the Board of Statutory Auditors:

- Paolo Francesco Lazzati (Standing statutory auditor)
- Maria Luisa Mosconi (Standing statutory auditor)
- Marcello Garzia (Alternate statutory auditor)

Elected from the slate submitted by the shareholder Clubtre (this slate received votes from the majority of those eligible to attend the meeting, equal to approximately 81% of the capital present or represented);

- Pellegrino Libroia (Chairman of the Board of Statutory Auditors)
- Claudia Mezzabotta (Alternate statutory auditor)

Elected from the slate submitted jointly by a group of shareholders comprising asset management companies and institutional investors (this slate received votes from the minority of those eligible to attend the meeting, equal to approximately 15% of the capital present or represented).

The composition of the Board of Statutory Auditors has not undergone any changes since the close of the year.

## 13. STATUTORY AUDITORS

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

As required by Article 2409-bis Civil Code, the independent statutory audit of the accounts was entrusted to a firm of auditors, who must comply with the regulations applying to audits of listed companies and are under CONSOB supervision. The Board of Statutory Auditors is therefore required to monitor the Company's compliance with the law and its Bylaws 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.

In 2014, the Board of Statutory Auditors held eleven meetings, attended by an average of 94% of its members in office during different periods of the year. The Board of Statutory Auditors meetings lasted about three hours on average. The Statutory Auditors also ensured their presence at the one and only Shareholders' Meeting held in the year, and at meetings of the Board of Directors and of the Control and Risks Committee. The Board of Statutory Auditors has scheduled no. 6 meetings during current financial year.

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### Personal and professional details of each statutory auditor'

Below are short curriculum vitae for each Statutory Auditor, describing their personal details, field of expertise and past experience of 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, 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 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 the Libroia Gallo D'Abruzzo firm of tax, legal and corporate advisors, in which he is still a partner. The various appointments he currently holds include those as Chairman of the Board of Statutory Auditors of Davide Campari Milano S.p.A. and of Palladio Leasing S.p.A., as standing statutory auditor of COMPASS S.p.A., as Chairman of the Board of Statutory Auditors of SELMABIP- IEMME Leasing S.p.A. and Director of Duemme SGR S.p.A.. He has been a member of Prysmian's Board of Statutory Auditors since 16 April 2013, having been elected on 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 (Sacred Heart Catholic University) in Milan. He is a registered professional accountant and a member of the Register of Auditors and has been a visiting lecturer at the faculty of Economics and Business 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 law firm of "Paolo Maria Tabellini and Associates" 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, having been elected on the slate submitted by the shareholder Clubtre, which received the majority of votes in the Shareholders' Meeting.

#### Maria Luisa Mosconi

##### *Standing Auditor*

She received her degree in Economics and Business from the Luigi Bocconi University in Milan in 1988. She has been a certified professional accountant since 1992 and has been

listed in the Register of Legal Auditors since 1995. She has been listed in the Court Register of Technical Consultants since 1997 and is an associate in the NED Community, an Italian association for independent non-executive directors. She has worked as a professional accountant for the firm of Sole-Asnaghi-Tosi, mainly dealing with insolvency, corporate crises and appraisals. Her professional expertise also extends to corporate finance, strategy (planning, corporate restructuring and crisis), business development and corporate governance. She works with the Bankruptcy Court of Milan, serving as an official receiver, advisor and judicial liquidator. She has been a visiting lecturer at the Università Cattolica del Sacro Cuore (Sacred Heart Catholic University) in Milan for courses on "Industrial and commercial technique" with Professors Giordano Caprara and Mario Massari, and on "Financial analysis and corporate finance" with Professor Mario Massari. She has also been a visiting lecturer at the "Luigi Bocconi" University for courses on "Corporate Finance (Analysis for corporate finance transactions)" with Professor Gualtiero Brugger and "Corporate Finance" with Professors Maurizio Dallochio, Mario Massari and Gualtiero Brugger. The various appointments she currently holds include those as a member of the Supervisory Board of Banca Popolare di Milano S.c.a.r.l., as an independent director of Biancamano S.p.A., and as a standing statutory auditor of Screen Broadcasting Technologies S.p.A., SEA - Società Esercizi Aeroportuali S.p.A., The Walt Disney Company Italia S.p.A., S.A.C.B.O. S.p.A., Immobiliare Lombarda S.p.A. and MetalWork S.p.A..

She has been a member of Prysmian's Board of Statutory Auditors since 16 April 2013, having been elected on the slate submitted by the shareholder Clubtre, which received the majority of votes in the Shareholders' Meeting.

**Marcello Garzia**  
**Alternate Auditor**

He obtained his diploma from the Luigi Einaudi Commercial Institute in Milan in 1967; he has been an official auditor since 1992, listed in the Register of Auditors. For 29 years, of which 18 in a managerial role, he worked for the Pirelli Group, where he held positions of responsibility in the administration and control area (Internal Audit, Group Administrative Systems and Projects). Since 1997, he has worked as a consultant for several important companies on organization projects (special corporate operations, revision of administrative processes and implementation of internal control systems). He is currently serving as a statutory auditor and member of monitoring boards, set up under Legislative Decree 231/2001, for several Prysmian Group companies. He was elected on the slate submitted by the shareholder Clubtre, 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/Organizational Psychology in 2002, from New York University's Graduate School of Arts and Science in New York, NY, in the United States. She has worked as a professional 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 the IFRS SME Implementation Group, set up by the IASB in London (United Kingdom). Since 2011, she has also been a member of the EFRAG SME Working Group, set up by the EFRAG in Brussels (Belgium). She is Chairman of the Accounting Standards Commission of the Milan Professional Accountants Association. She is an Adjunct Professor of "Financial Accounting" at Università Cattolica del Sacro Cuore in Milan and she also writes extensively about national and international accounting standards for several Italian publishers, including in particular IPSOA Wolters Kluwer, EGEA and Giuffrè. She currently sits on a number of Boards of Statutory Auditors, including as Chairman in Carrara S.p.A. and Fultes S.p.A., and as a standing auditor in Inalca S.p.A., Synopo S.p.A., Pentagramma Perugia S.p.A., Sabre Italia Srl and Ottana Polimeri Srl. She is also sole statutory auditor at GE Lighting Srl. She was Chairman of the Board of Statutory Auditors of Fiat Industrial S.p.A. until 30 September 2013 and a standing auditor with Ansaldo Energia S.p.A. until 3 December 2014.

She was elected on 16 April 2013 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.

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Based on the statements supplied by its members, the Board of Statutory Auditors has verified that all its members meet the independence requirements that apply to directors under Article 3 of the Code. When making this assessment, the Board of Statutory Auditors did not adopt different criteria to those provided for by the Code for the independence of directors.

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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. This meeting involved, among other things, a visiting two of the Group's facilities in Neustadt and Schwerin, Germany.

## 14. RELATIONS WITH SHAREHOLDERS

During the year, the Board of Directors identified and appointed a new Investor Relations Director, after assessing that she possessed the necessary qualifications and experience for this role. As of 1 October 2014, Maria Cristina Bifulco was assigned the post of 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-yearly 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 Director 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 Bylaws, "All shareholders entitled to attend general meetings may be represented at such meetings by issuing a written proxy, in the cases and within the limits permitted by applicable law. The proxy form for participation at the general meeting may also be notified to the company by sending it to the certified email address specified in the notice of the 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 Bylaws 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 items on the agenda.

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The Board of Directors resolved, in compliance with Article 9 of the Bylaws 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 regulations for shareholders' meetings 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 *Investor Relations/Shareholder 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.

Eight of the eleven Directors in office at the date of the Shareholders' Meeting on 16 April 2014 attended this meeting. Two of the Directors present were also members of the Remuneration and Appointments Committee, 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 year, the Company's share capital did not undergo any significant changes. The market capitalisation trend followed the performance of the Prysmian stock, which was negatively affected in the middle of the year, by problems with the Western HVDC Link orders as concerns the submarine cable business. Subsequently, the market capitalisation trends, and therefore those of the Prysmian stock, did not deviate significantly from that of the FTSE/MIB (formerly S&P/MIB) index in which the stock is listed.

There were no important changes in the shareholder structure during the 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.



# TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE

(as at 31 December 2014)

## SHARE CAPITAL STRUCTURE

	No. Shares	% of share capital	Listed
Ordinary Shares	216,712,397	100.00	MTA
Shares with suspended voting rights (*)	2,830,318	1.3	MTA

(\*) Treasury shares held directly and indirectly by the Company at 31/12/2014.

## OTHER FINANCIAL INSTRUMENTS

(assigning the right to subscribe to newly issued shares)

	Listed	No. instruments outstanding	Class of shares to service conversion	No. shares to service conversion
Convertible Bonds	MTF - Vienna	€300,000,000	Ordinary Shares	13,444,113

TABLES

Declarant	Direct shareholders	% of ordinary share capital (*)	% of voting share capital (*)
Clubtre S.p.A.	Clubtre S.p.A.	5.856	5.856
J.P. Morgan Chase & Co.	J.P.Morgan Securities Ltd.	1.815	1.815
	J.P.Morgan Whitefriars Inc.	0.005	0.005
	J.P.Morgan Ventures Corp.	0.008	0.008
	<b>J.P. Morgan Chase &amp; Co. Total</b>	<b>1.828</b>	<b>1.828</b>
Assicurazioni Generali S.p.A.	Assicurazioni Generali S.p.A.	0.005	0.005
	Generali Espana, S.A. de Seguros y Reaseguros	0,047	0.047
	E-Cie Vie S.A.	0.047	0.047
	Generali Vie S.A.	0.190	0.190
	Generali Vida Companhia de Seguros S.A.	0.003	0.003
	Genertel S.p.A.	0.061	0.061
	Genertellife S.p.A.	0.192	0.192
	Alleanza Assicurazioni S.p.A.	0.125	0.125
	Das Difesa Automobilistica Sinistri S.p.A. di Assicurazione	0.006	0.006
	Generali Italia S.p.A.	1.507	1.507
	<b>Assicurazioni Generali S.p.A. Total</b>	<b>2.183</b>	<b>2.183</b>
Norges Bank	Norges Bank	2.265	2.265
State Street Global Advisors Ireland Ltd.	State Street Global Advisors Ireland Ltd.	2.132	2.132
T. Rowe Price Associates Inc.	T. Rowe Price Associates Inc.	2.007	2.007
People's Bank of China	People's Bank of China	2.018	2.018
Market		81.711	81.711
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Notes Table 1

(\*): 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 TUF and the CONSOB Issuer Regulations, 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.

Notes Table 2

- This symbol indicates the director in charge of the internal control and risk management system.
- This symbol indicates the Chief Executive Officer.
- (\*) The date of first appointment of each director is the date on which that director was appointed for the very first time to the BoD.
- (\*\*) This column reports the slate from which each director was elected ("M": Majority slate "m": Minority slate; BOD: BoD slate).
- (\*\*\*) This column reports the number of meetings of the BoD 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 2014 is attached to this Report (Annex A).
- (\*\*\*\*\*) This column reports the role of the Director in each Committee ("C": Chairman; "m": member).

# TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Situation as at 31 December 2014

Board of Directors														Remuneration and Appointments Committee		Control and Risks Committee	
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 ****	****	****	*****	*****	***
Chairman	Massimo Tononi	1964	21/07/2010	01/01/2014	31/12/2014	BOD	-	X	-	X	7/7	7	m	5/5	-	-	-
•/•• CEO and GM	Battista Valerio	1957	15/12/2005	01/01/2014	31/12/2014	BOD	X	-	-	-	7/7	-	-	-	-	-	-
Director	Battaini Massimo	1967	25/02/2014	25/02/2014	31/12/2014	-	X	-	-	-	7/7	-	-	-	-	-	-
Director	Maria Elena Cappello	1968	18/04/2012	01/01/2014	31/12/2014	BOD	-	X	X	X	6/7	1	-	-	m	5/5	5/5
Director	Cesare d'Amico	1957	18/04/2012	01/01/2014	31/12/2014	m	-	X	X	X	5/7	3	-	-	-	-	-
Director	Claudio De Conto	1962	21/07/2010	01/01/2014	31/12/2014	BOD	-	X	X	X	7/7	2	m	5/5	C	5/5	5/5
Director	Giulio Del Ninno	1940	15/12/2005	01/01/2014	31/12/2014	BOD	-	X	X	X	7/7	1	C	5/5	-	-	-
Director	Pier Francesco Faccchini	1967	28/02/2007	01/01/2014	31/12/2014	BOD	X	-	-	-	7/7	2	-	-	-	-	-
Director	Friedrich W. Froehlich	1942	03/03/2011	01/01/2014	31/12/2014	BOD	-	X	X	X	7/7	3	-	-	m	5/5	5/5
Director	Fabio Ignazio Romeo	1955	28/02/2007	01/01/2014	31/12/2014	BOD	X	-	-	-	7/7	1	-	-	-	-	-
Director	Giovanni Tamburi	1954	18/04/2012	01/01/2014	31/12/2014	m	-	X	X	X	7/7	4	-	-	-	-	-
<b>DIRECTORS WHO VACATED OFFICE DURING THE YEAR</b>																	
Director	Frank Franciscus Dojtee	1960	03/03/2011	01/01/2014	25/02/2014	BOD	X	-	-	-	2/2	-	-	-	-	-	-
On occasion of the most recent appointment of the Board of Directors on 18 April 2012, the minimum shareholding for presenting candidate slates was 1.5% of share capital.																	
Number of meetings held during the year.										BOD 7		CRC 5		RAC 5			

## TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Situation as at 31 December 2014

Board of Statutory Auditors										
Office	Members	Year of Birth	Date of first appointment (*)	in office as of	in office until	Slate (**)	Indep.as per the Code	Participation in the Board meetings***	No. of other offices****	
Chairman	Pellegrino Libroia	1946	16/04/2013	01/01/2014	31/12/2014	m	X	11/11	12	
Standing Auditor	Paolo Francesco Lazzati	1958	16/04/2013	01/01/2014	31/12/2014	M	X	10/11	56	
Standing Auditor	Maria Luisa Mosconi	1962	16/04/2013	01/01/2014	31/12/2014	M	X	10/11	11	
Alternate Auditor	Marcello Garzia	1946	28/10/2005	01/01/2014	31/12/2014	M	X	N/A	7	
Alternate Auditor	Claudia Mezzabotta	1970	16/04/2013	01/01/2014	31/12/2014	m	X	N/A	10	
<b>AUDITORS WHO VACATED OFFICE DURING THE YEAR</b>										
-	-	-	-	-	-	-	-	-	-	
On occasion of the most recent appointment of the Board of Statutory Auditors on 16 April 2013, the minimum shareholding for presenting candidate slates was 1% of share capital.										
Number of meetings held during the year: 11										

## 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 slate from which each auditor was elected ("M": Majority slate "m": Minority slate).

(\*\*\*) 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 TUF and the relevant implementation regulations included in the CONSOB Issuer Regulations. The complete list of appointments has been published by CONSOB on its website, in accordance with Article 144-quinquiesdecies of the CONSOB Issuer Regulations

# ANNEX A

## LIST OF APPOINTMENTS HELD BY DIRECTORS IN OFFICE AS AT 31 DECEMBER 2014

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

NAME AND SURNAME	OFFICE	COMPANY
Massimo Tononi	Director	Italmobiliare S.p.A.
	Director	Sorin S.p.A.
	Director	London Stock Exchange
	Chairman BoD	Borsa Italiana S.p.A.
	Chairman	ISA - Istituto Atesino di Sviluppo S.p.A.
	Chairman	Cassa di Compensazione e Garanzia S.p.A.
Maria Elena Cappello	Director	Castello SGR S.p.A.
	Director	Sace S.p.A.
Cesare d'Amico	Director	D'Amico International Shipping S.A.
	Vice Chairman	Tamburi Investment Partners S.p.A.
	Vice Chairman	The Standard Club Europe Ltd
Claudio De Conto	Presidente	Star Capital SGR S.p.A.
	CEO	Artsana Group
Giulio Del Ninno	Vice Chairman	Italgel S.p.A.
Pier Francesco Facchini	Chairman BoD	Prysmian Treasury S.r.l. (*)
Friedrich Wilhelm Froehlich	Chairman	Randstad NV
	Director	ASML NV
	Director	Rexel SA
Fabio Ignazio Romeo	Director	Oman Cables Industry S.A.O.G.
Giovanni Tamburi	Chairman and Chief Executive Officer	Tamburi Investment Partners S.p.A.
	Director	Amplifon S.p.A.
	Director	Interpump S.p.A.
	Director	Zignago Vetro S.p.A.

(\*) Prysmian Group company

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O ENHANCE CUSTOMER LINKING THE FUTURE SERV  
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**Prysmian**  
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 **PRYSMIAN**  
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