

**Procedures for Related Party Transactions**

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## Art. 1 - Definitions

1.1 The terms listed below shall have the following meanings in the present procedures governing related party transactions (the "**Procedures**"):

**"Corporate Affairs"**: the Corporate Affairs department of Prysmian S.p.A, in the person of the head of this department or person so charged by the latter, including for individual or specific activities;

**"Directors Involved in the Transaction"**: directors who have an interest in the Transaction, either on their own behalf or that of third parties, in conflict with the interest of the Company;

**"Independent Directors"**: directors who satisfy the independence requirements provided by art. 148, par. 3 of TUF and by the Corporate Governance Code promoted by Borsa Italiana S.p.A. And adopted by Prysmian S.p.A. in accordance with art. 123 – *bis* TUF;

**"Unrelated Directors"**: directors who are not counterparties to a particular transaction and are not its Related Parties;

**"Shareholders' Meeting"**: the general meeting of the shareholders of Prysmian S.p.A.;

**"Committee"**: the committee referred to in art. 6 of the Procedures, all of whose members are Independent Directors and which is responsible for expressing an opinion on Related Party Transactions;

**"Market Equivalent or Standard Terms"**: terms similar to those usually applied to unrelated parties for transactions of a corresponding nature, size and risk, or based on regulated rates or fixed prices or those applied to parties with whom the Company is obliged by law to contract at a specific price;

**"Board"** or **"Board of Directors"**: the Board of Directors of Prysmian S.p.A.;

**"Consob"**: Commissione Nazionale per le Società e la Borsa, Italy's Stock Exchange Commission;

**"Related Party List"**: the database containing the names and personal/company data of Related Parties of Prysmian S.p.A.;

**"Prysmian Group"**: the group of companies headed by the Company;

**"Related Party Transactions"**, **"Transaction"** or **"Transactions"** refer to those transactions with related parties defined as such by the prevailing *pro tempore* international accounting principles adopted in accordance with the procedure referred to in art. 6 of Regulation (EC) No. 1606/2002;

**"Minor Transactions"**: transactions identified as such under art. 12.2;

**"Less Material Transactions"**: Related Party Transactions other than Minor Transactions which fall below the materiality thresholds identified in art. 5 of the Procedures;

**"Ordinary Transactions"**: transactions carried out in the ordinary course of business or financial activities related thereto;

**"Material Transactions"**: Related Party Transactions which are above the materiality thresholds identified in art. 5 of the Procedures;

**"Related Parties"**: the parties identified as such in art. 3 of the Procedures;

**"Issuer Regulations"**: the regulations approved under Consob resolution 11971 of 14 May 1999, and subsequent amendments and additions thereto;

**"Related Party Regulations"** or **"Regulations"**: the regulations containing provisions relating to related party transactions approved by Consob on 12 March 2010 under resolution 17221 and subsequent amendments and additions thereto;

**"Unrelated Shareholders"**: parties with the right to vote who are not counterparties to a particular transaction and are not related to either the counterparty to a particular transaction or to the Company;

**"Company"** or **"Prysmian"**: Prysmian S.p.A., a company with registered offices in Via Chiese 6, Milan, Italy, and tax code, VAT number and Milan Companies Register number 04866320965.

Unless otherwise specified, Prysmian or the Company means the Board of Directors or a representative of the Company with due authority;

**"Responsible Officers"**: persons in charge of Prysmian S.p.A. head office functions who report directly to the Chief Executive Officer and persons holding the position of Region/Country Chief Executive Officer, the head of Business Areas and the head of Integrated Business Units;

**"By-laws"**: the by-laws of Prysmian S.p.A.;

**"TUF"**: Testo Unico della Finanza (Italy's Unified Financial Act) i.e. Italian Legislative Decree 58 of 24 February 1998 and subsequent amendments and additions thereto.

## Art. 2 - Preamble and scope of application

Art. 2391-*bis*<sup>①</sup> of the Italian Civil Code provides for specific regulations on related party transactions carried out by companies that have recourse to risk capital markets<sup>②</sup> and charges Consob with the task of defining “general principles” on the basis of which the governing bodies of such companies must adopt procedures for governing said transactions in terms of transparency and substantive and procedural fairness. Consob has approved the Related Party Regulations in implementation of this requirement.

In compliance with art. 4 of the Regulations, the Board of Directors has therefore adopted the present Procedures for governing - in compliance with the requirements of art. 2391-*bis* of the Italian Civil Code and of the Regulations, and any subsequent amendments thereto - Related Party Transactions, undertaken by the Company directly or through its subsidiaries, in order to ensure the transparency and substantive and procedural fairness of such transactions.

The present Procedures also comply with the requirements of Italian Legislative Decree 231/01 and therefore constitute an integral part of the organisation, management and control Model envisaged by this decree.

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<sup>①</sup>In particular, art. 2391-*bis* of the Italian Civil Code (“Related Party Transactions”) provides for the following:  
“1. The governing bodies of companies which have recourse to risk capital markets shall adopt, in accordance with the general principles indicated by Consob, rules that ensure the transparency and substantive and procedural fairness of related party transactions, which shall be disclosed in the directors' report; they may, for this purpose, seek the assistance of independent experts, depending on the nature, value or characteristics of the transaction.

2. The rules referred to in the preceding paragraph shall apply to transactions undertaken directly or through subsidiaries and shall govern the decision-making responsibility, reasons and documentation relating to such transactions. The oversight body shall monitor compliance with the rules adopted under the preceding paragraph and report accordingly to shareholders in the general meeting.

3. Consob, in defining the principles stated in the first paragraph shall, in accordance with Article 9-*quater* of Directive 2007/36/EC, identify at least the following:

a) the materiality thresholds of the related party transactions, taking account of the quality indexes related to the transaction amount or to its impact on one or more dimensional parameters of the company. Consob may also identify materiality criteria that take account of the nature of the transaction and the type of related party;

b) procedural and transparency rules proportionate to the materiality and characteristics of the transactions, the size of the company or the type of company that has recourse to risk capital markets, as well as the cases in which the aforesaid rules are not applied, in whole or in part;

c) the cases in which the directors, without prejudice to the provisions of art. 2391, and the shareholders involved in the transaction are required to abstain from voting on the transaction or safeguard measures to protect the interests of the company that will allow said shareholders to vote on the transaction.”

<sup>②</sup> In accordance with art. 2325-*bis* of the Italian Civil Code, companies that have recourse to risk capital markets are understood as Italian companies whose shares are listed on regulated markets or whose shares are widely held among the general public.

### **Art. 3 - Identification of Related Parties**

**3.1** Related Parties are identified as the parties included in the definitions provided by the prevailing *pro tempore* international accounting standards adopted in accordance with the procedures referred to in art. 6 of Regulation (EC) 1606/2002.

**3.2** **Appendix 1** contains an extract of the definitions of related parties and related party transactions pursuant to IAS 24 and a reference to the further definitions of those functions provided for by the international accounting standards, as in force at the date of these Procedures.

### **Art. 4 - Procedural rules**

**4.1** The names of Related Parties, and revisions thereto, shall be identified with reference to a Related Party List, kept and updated by Corporate Affairs.

**4.2** Corporate Affairs shall conduct a census of Related Parties based on information and documentation available to the Company; for this purpose it shall request from all direct Related Parties, or through them in the case of indirect Related Parties, the information required for inclusion in the Related Party List, found in **Appendix 2**.

**4.3** Direct Related Parties shall be responsible for promptly informing Corporate Affairs of any changes or revisions to the information previously communicated, including with reference to indirect Related Parties. The Related Party List shall be updated whenever necessary and shall nonetheless be reviewed at least once a year by requesting direct Related Parties to confirm the information provided the previous year or to communicate any changes, including with reference to indirect Related Parties.

**4.4** Corporate Affairs shall collate the information referred to in **Appendix 2** provided by Related Parties and shall send the resulting Related Party List to the Responsible Officers on a quarterly basis.

Corporate Affairs shall also make the Related Party List available to the above Responsible Officers whenever it is amended and shall highlight the changes.

The Responsible Officers shall be in charge of distributing the Related Party List to those of their staff that they believe might be in the position to conduct or know of the possible conduct of Related Party Transactions.

**4.5** Access to the Related Party List may be requested by: the Directors, the Statutory Auditors, the Committee referred to in art. 6, members of the Monitoring Board, the independent auditors and persons holding the position of (i) manager responsible for preparing corporate accounting documents, (ii) head of the Company's administration (iii) the individual at the head of the organisational structure in which the Group's internal audit function is located.

**4.6** Before undertaking any transaction, the Responsible Officers must check, including through their staff, whether the transaction qualifies as a Related Party Transaction under these Procedures, and must also ascertain in which of the categories identified below the Transaction should be classified. If these checks indicate that the Related Party Transaction must be disclosed – in accordance with procedures described later on –, the Responsible Officers shall promptly communicate, including the information as per the form in **Appendix 3** of these Procedures, to Corporate Affairs all the information concerning the Transaction, – such as, by way of example, the name of the Related Party, a description of the Transaction and its terms, the substantive fairness and underlying reasons and any risks for the Company and/or its

subsidiaries. The information as per the form in **Appendix 3** and any supporting documentation must be supplied to Corporate Affairs well in advance of undertaking the Transaction.

**4.7** The Responsible Officers shall perform the above checks by carrying out, as a minimum, the following activities:

- check whether the counterparty is a Related Party included in the Related Party List.
- Check the transaction value<sup>③</sup>. If this value is lower than the negligibility thresholds established by art. 12.2 of these Procedures, there shall be no reporting or prior authorisation requirements.
- Check whether the transaction falls within the Company's ordinary activities and is being completed under market or standard terms. If this is the case, it is not necessary to authorise the Transaction beforehand but it must be disclosed if it is a Material Transaction. The Responsible Officers must therefore send the information as per the form in **Appendix 3** together with the documentation containing objective verification information, as well as the additional information indicated in art. 12.4 c) i) of the Procedures 3 days before the deadline for the transmission of the information referred to in art. 12.4 c) i) of these Procedures.
- Check whether the transaction qualifies as a Material Transaction or Less Material Transaction on the basis of the materiality thresholds defined in art. 5.
- Check whether the counterparty, apart from being included in the Related Party List, is also classified, in this List, as a subsidiary or associate of Prysmian (i.e. intragroup transactions). If this is the case, except as specified in art. 12.3, it is not necessary to authorise the Transaction beforehand but it must be disclosed if it is a Material Transaction. The related information must nonetheless be disclosed in accordance with the methods and times provided by the “*Procedures for fulfilling the obligations under art. 150, par. 1 of TUF*” adopted by the Prysmian Board of Directors on 31 July 2007, as subsequently amended and supplemented and to which reference should be made.

The Responsible Officers shall also promptly provide updates to information already supplied, whenever this is necessary and/or appropriate.

**4.8** Corporate Affairs shall, if necessary and in any case when requested by the Responsible Officers, on the basis of the information provided by the latter, check which body is responsible for deciding or authorising the reported Transaction and shall also identify the procedure to follow according to the type of Transaction and nature of the related party relationship. In order for Corporate Affairs to be able to provide the competent bodies with complete, adequate and timely information, Corporate Affairs can ask the Responsible Officers at any time to supplement and/or clarify the information and documentation already supplied. As a result of the checks carried out, Corporate Affairs shall inform the Responsible Officers as soon as possible of (i) the procedures to be followed for examining the Transaction in question and (ii) the estimated time expected to complete these procedures.

## **Art. 5 - Materiality thresholds**

**5.1** For the purposes of the present Procedures, Material Transactions are those for which at least one of the following materiality ratios, applicable according to the type of Transaction, has a value of 5% or more:

**a) *Transaction amount materiality ratio:*** this is the ratio between the amount of the Transaction and the higher of (i) the amount of consolidated equity reported in Prysmian’s latest

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<sup>③</sup> In order to determine which elements of the transaction should be considered for the purposes of determining its value, reference should be made to the definitions contained in art. 5 “Materiality thresholds”.

published consolidated balance sheet and (ii) the Company's capitalisation at the end of the last trading day included in the reporting period of the latest financial statements (annual or half-year financial report or additional periodic financial information, if prepared).

If the economic terms of the Transactions have been determined, the amount of the transaction is defined as:

- i) for components in cash, the amount paid to/by the other party;
- ii) for components comprising financial instruments, the fair value determined at the transaction date, in accordance with the international accounting standards adopted under Regulation (EC) 1606/2002;
- iii) for loans or guarantees, the maximum amount payable.

If the economic terms of the Transaction depend entirely or partly on amounts that are not yet known, the amount of the transaction is defined as the maximum amount receivable or payable under the related agreement.

**b) *Assets materiality ratio:*** this is the ratio between the total assets of the entity involved in the Transaction and the Company's total consolidated assets. The figures used must be taken from the Company's latest published consolidated balance sheet; where possible, similar figures should be used for determining the total assets of the entity involved in the Transaction.

For transactions involving the acquisition and disposal of equity interests that affect the scope of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of capital being acquired/sold.

For transactions involving the acquisition and disposal of equity interests that do not affect the scope of consolidation, the value of the numerator is:

- i) in the case of acquisitions, the transaction amount plus any of the acquired company's liabilities assumed by the purchaser;
- ii) in the case of disposals, the consideration for the interest being sold.

For transactions involving the acquisition and disposal of other assets (other than the acquisition of an equity interest), the value of the numerator is:

- i) in the case of acquisitions, the higher of the consideration and the carrying amount that will be attributed to the asset;
- ii) in the case of disposals, the carrying amount of the asset being sold.

**c) *Liabilities materiality ratio:*** this is the ratio between the acquired entity's total liabilities and the Company's total consolidated assets. The figures used must be taken from the Company's latest published consolidated balance sheet; where possible, similar figures should be used for determining the total liabilities of the acquired company or business.

**5.2** Once the annual and interim consolidated balance sheets are approved, Corporate Affairs shall receive from Administration and Financial Reporting the reference parameters needed to calculate the materiality ratios in art. 5.1 a), b) and c) - namely consolidated equity and total consolidated assets – and from Investor Relations the parameter relating to the Company's market capitalisation required under art. 5.1 a). Once Corporate Affairs has this information, it shall inform the Responsible Officers accordingly.

## **Art. 6 - Committee**

**6.1** The Committee referred to in the Related Party Regulations shall be the Control and Risks Committee set up by the Prysmian Board of Directors. For the purposes of the present Procedures, this Committee shall be comprised solely of non-executive Independent Directors, and shall be charged with issuing the opinions required under the Regulations and these Procedures and with generally acting to ensure compliance therewith.

**6.2** With regard to the Committee's general rules of procedure, reference should be made to the Corporate Governance Regulation adopted by the Company which, among other things, governs the Control and Risks Committee and related operational methods.

**6.3** If, in relation to a specific Transaction, one or more members of the Committee are not unrelated Independent Directors, also notwithstanding the Corporate Governance Regulation governing the Control and Risks Committee, the following remedies shall apply:

- if, in the case of a Less Material Transaction, one of the Committee's members is a Related Party, the work of the Committee shall be carried out by its other members. These members may also request the Related Party member of the Committee to absent him/herself temporarily from meetings or to abstain from discussions and/or resolutions about the Transaction;
- if the Committee does not have at least three unrelated Independent Directors in the case of a Material Transaction, or two unrelated Independent Directors in the case of a Less Material Transaction, the work of the Committee shall be carried out by an independent expert identified by the Board of Directors from persons of recognised experience and expertise in the matters concerned and who have been evaluated for their independence and absence of conflicts of interest.

## **Art. 7 - Rules applying to Less Material Transactions**

**7.1** If the Responsible Officers, or their staff, intend to carry out a Less Material Related Party Transaction, they must promptly inform the Board of Directors and the Committee, following the procedures set out in art. 4.

**7.2** Except as provided in art. 10, Less Material Transactions shall be the prerogative of the Board of Directors or of Unrelated Directors in possession of general operational powers. In the latter case, the unrelated directors shall act severally, within the scope and limits of their general powers and with the duty to report on their doings at the next meeting of the Board of Directors.

**7.3** Before approving a Less Material Transaction, the Committee must express a reasoned, non-binding opinion on the Company's interest in carrying out the Transaction and on the benefits and substantive fairness of the related terms. This opinion is attached to the minutes of the Committee meeting.

**7.4** For the above purposes, the Committee shall be entitled to seek the assistance of one or more independent experts of its choice, at the Company's expense. The Committee shall check the experts' independence in advance, taking into account the relationships indicated in point 2.4 of Appendix 4 to the Regulations.

**7.5** Unless the Chief Executive Officer makes an explicit exception on a case-by-case basis, the cost of any independent experts, called in under art. 7.4, shall not exceed 1% of the individual transaction amount, and in any case shall be limited to no more than Euro 25,000.

**7.6** For the purposes of implementing the above, the Committee and the body responsible for resolving on the Less Material Transaction shall receive full and sufficient information about the Transaction in due advance.

**7.7** If the Transaction carries Market Equivalent or Standard Terms, the documentation prepared shall contain objective supporting information as well as the further information indicated in art. 12.4 c) i) of the Procedures.

**7.8** If the Transaction is under the responsibility of the Board of Directors, the Directors Involved in the Transaction shall abstain from voting on the Transaction and, if requested by the majority of the Board of Directors, from taking part in the related discussion. If the competent decision-making body is the Board of Directors, or another board, the minutes of resolutions approving Less Material Transactions shall contain adequate reasons as to the Company's interest in carrying out the Transaction and as to the benefits and substantive fairness of the related terms.

**7.9** The Chief Executive Officer shall provide full disclosure at least quarterly to the Board of Directors and the Board of Statutory Auditors on the Less Material Transactions completed or approved in the reference quarter (both in the case where the completion of the Transaction is subject to the approval of the Board of Directors of the Company or the Shareholders' Meeting, and in the case where the completion of the Transaction is approved by a different body or entity with the necessary powers), on their main features and terms and on their execution.

**7.10** Without prejudice to other disclosure obligations, the Company shall make publicly available, within fifteen days of the end of each quarter, at its registered office and in the manner required by law, a document containing details of the counterparties, object and consideration relating to Less Material Transactions approved in that quarter for which the Committee expressed a negative opinion, and the reasons why it was decided not to accept this opinion. This opinion shall be made publicly available within the same term, as an appendix to the above document or on the Company's website.

## **Art. 8 - Rules applying to Material Transactions**

**8.1** If the Responsible Officers, or their staff, intend to carry out a Material Transaction with a Related Party, they must promptly inform the Board of Directors and the Committee, following the procedures set out in art. 4.

**8.2** Except as provided for in art. 10 below, with reference to Material Transactions, the Company shall observe the following rules:

- a) the Material Transactions fall under the competence of the Board of Directors; the Directors Involved in the Transaction shall abstain from voting on the Transaction and, if requested by the majority of the Board of Directors, from taking part in the related discussion;
- b) the Board of Directors can approve Material Transactions only if the Committee has issued a reasoned, favourable opinion on the Company's interest in carrying out the Transaction, and on the benefits and substantive fairness of the related terms. This opinion is attached to the minutes of the Committee meeting;
- c) the Committee must become promptly involved in the process of negotiation and preliminary examination, through the receipt of full and updated information, and shall be entitled to request information and present observations to other delegated bodies and persons involved in conducting negotiations or preliminary examination;
- d) for the above purposes, the Committee shall be entitled to seek the assistance of one or more independent experts of its choice, at the Company's expense. There shall be no spending limit on the cost of any independent experts appointed to examine Material Transactions. The Committee shall check the experts' independence in advance, taking into account the relationships indicated in point 2.4 of Appendix 4 to the Regulations;
- e) for the purposes of implementing the above, the Committee shall receive full and sufficient information about the Transaction well in advance;

- f) If the Transaction carries Market Equivalent or Standard Terms, the documentation prepared shall contain objective supporting information as well as the further information indicated in art. 12.4 c) i) of the Procedures;
- g) the minutes of resolutions adopted by the competent body to approve Material Transactions shall contain adequate reasons as to the Company's interest in carrying out the Transaction and as to the benefits and substantive fairness of the related terms;
- h) the Chief Executive Officer shall provide the Board of Directors and Board of Statutory Auditors, at least every quarter, with a full account of the Material Transactions carried out.

**8.3** The provisions of this article shall apply even when, during the year, the Company carries out with the same related party, or with parties related both to the latter and to the Company itself, similar Transactions or those that are part of a single design, even though not individually classifiable as Material Transactions, which cumulatively exceed the materiality thresholds identified in art. 5.1. In these circumstances, the materiality of each transaction is assessed on the basis of the applicable ratio or ratios specified in art. 5.1. In order to check whether the thresholds have been exceeded, the results for each ratio are summed together. For the purposes of disclosure obligations, transactions that are exempt under art. 12 of these Procedures shall be excluded from the cumulative calculation.

**8.4** If so permitted by the By-laws, the Board of Directors can approve Material Transactions despite the Committee's adverse opinion, provided the conduct of such Transactions is authorised by the Shareholders' Meeting, which shall decide in compliance with the provisions of art. 10 of these Procedures.

## **Art. 9 - Rules applying to Transactions undertaken by subsidiaries**

**9.1** The provisions of art. 7 and art. 8 for Less Material Transactions and Material Transactions shall also apply to Transactions undertaken by subsidiaries<sup>④</sup> with Related Parties.

**9.2** For this purpose, the Responsible Officers, on behalf of the subsidiaries, must promptly notify Corporate Affairs, in accordance with the procedures set out in art. 4, of their intention of carrying out a Transaction falling within the scope of articles 7 and 8 above.

**9.3** The communication must be transmitted to Corporate Affairs disclosing the information as per the form in **Appendix 3**.

## **Art. 10 - Transactions referable to Shareholders' Meetings**

**10.1** A Transaction shall be referred to the Shareholders' Meeting or must be authorised by it in compliance with the provisions of law or of the By-laws.

**10.2** If a Less Material Transaction is referable to the Shareholders' Meeting or requires its authorisation, the rules in art. 7 shall apply to the process of preparation and approval of the proposal for submission to the Shareholders' Meeting.

**10.3** If a Material Transaction is referable to the Shareholders' Meeting or requires its authorisation, the rules in art. 8.2 shall apply to the process of negotiation, preparation and approval of the proposal for submission to the Shareholders' Meeting.

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<sup>④</sup> The companies controlled by Prysmian (i.e. its subsidiaries) are identified as such in the Related Party List.

**10.4** The Shareholders' Meeting can approve resolutions relating to Material Transactions even when the Committee has expressed an adverse opinion. In this case, the Material Transaction shall not be completed under any circumstances if a majority of Unrelated Shareholders present at the meeting vote against the Transaction. The Transaction may be prevented only if the Unrelated Shareholders present at the meeting represent at least 10% of the Company's share capital with voting rights.

**10.5** If the By-laws so expressly allow, the Board of Directors may depart from the provisions of this article for Transactions referable to the Shareholders' Meeting that must be completed in urgent circumstances arising from a crisis situation.

## **Art. 11 - General resolutions**

**11.1** The Board of Directors may adopt, but still in compliance with the provisions of articles 7 and 8 of the Procedures, general resolutions relating to a series of similar transactions with certain categories of Related Parties, specified on a case-by-case basis by the Board of Directors.

**11.2** Such general resolutions shall be effective for no more than one year and shall:

- refer to sufficiently identified transactions, including at least the maximum expected amount of transactions to be undertaken in the reporting period and the reasons for the expected terms;
- require a full report on the implementation of such general resolutions to be made to the Board of Directors at least every quarter.

**11.3** The provisions of articles 7 and 8 shall apply to such general resolutions, according to the maximum expected amount of the cumulative transactions covered by the specific general resolution.

**11.4** The Responsible Officers, in implementation of the procedures under art. 4, shall inform Corporate Affairs of the possibility that a series of similar Transactions with certain categories of Related Parties might be carried out and which could be covered by general resolutions. The execution of each general resolution must be communicated by the Responsible Officers directly concerned to the Chief Executive Officer who will report accordingly to the Board of Directors at least every quarter.

## **Art. 12 - Exemptions**

**12.1** The provisions of these Procedures do not apply to the resolutions of the Shareholders' Meeting concerning the remuneration of members of the Board of Directors and, where established, of the Executive Committee (pursuant to art. 2389, para. 1 of the Italian Civil Code), to the resolutions on the remuneration of directors holding specific offices, included in the total amount previously determined by the Shareholders' Meeting (pursuant to art. 2389, para. 3 of the Italian Civil Code), or to those concerning the remuneration of the members of the Board of Statutory Auditors of the Company (pursuant to art. 2402 of the Italian Civil Code).

**12.1-bis** The provisions of this Procedure do not apply to transactions resolved by the Company and addressed to all shareholders on equal terms, including:

- a) capital increases with option rights, including those servicing convertible bonds, and free capital increases provided for in Article 2442 of the Italian Civil Code;
- b) full or partial spin-offs in the strict sense, with proportional share allocation criteria;
- c) reductions in share capital through shareholder reimbursement pursuant to art. 2445 of the Italian Civil Code and the purchase of treasury shares pursuant to art. 132 TUF.

**12.2** The provisions of the present Procedures shall not apply to Minor Transactions, defined as those with a negligible impact on the Prysmian Group's assets and liabilities, results of operations and financial position. With the approval of these Procedures, the Company's Board of Directors has identified such transactions as those whose amount does not exceed, including on a cumulative basis: (i) Euro 150,000 annually if the Related Party is a natural person; (ii) Euro 250,000 annually if including the award of remuneration and economic benefits, in any form, to a member of an administrative or control body or to key management personnel; and (iii) Euro 500,000 annually if the Related Party is a legal person. Unless the indicated threshold amounts are exceeded, Minor Transactions concluded with the same Related Party shall qualify as transactions outside the scope of this article. The exemption for Minor Transactions shall prevail over any other cause of exemption that may apply concurrently to the transaction (e.g. ordinary transactions at market or standard terms, or transactions with subsidiaries).

**12.3** Without prejudice to the disclosures required in interim and annual financial reports, the provisions of the present Procedures shall not apply to Transactions with or between Prysmian's subsidiaries or associates (i.e. intragroup transactions), identified as such in the Related Party List. This exemption shall apply if there are no significant interests of other related parties of the Company in the subsidiaries or associates involved in a specific Transaction. However, interests are not considered significant if they derive from the sharing of one or more directors or key management personnel between the company and its subsidiaries or associates.

By way of example, significant interests are those arising from shareholdings in the Company's subsidiary or associate involved in a specific Transaction, where such a relationship is such as to direct the decisions by the subsidiary or associate towards satisfying, on an exclusive or priority basis, the interests of the Related Party. Significant interests may exist when:

- (i) in addition to simply sharing one or more directors or other key management personnel, such persons benefit from share-based incentive plans (under which a portion of remuneration is nonetheless variable) that depend on the results attained by the subsidiaries or associates with whom the transaction is carried out,
- (ii) the entity which controls the Company or has significant influence over it also has an investment in the subsidiary or associate and the investment held by such entity in the Related Party exceeds the effective weight of the investment<sup>⑤</sup> held by the same entity in the Company.

The Responsible Officers directly involved in the intragroup transaction shall be initially responsible for assessing and reporting the application or otherwise of the exemption of intragroup transactions from the procedural and transparency obligations contained in these Procedures. Another safeguard consists of the disclosures required under the "*Procedures for fulfilling the obligations under art. 150, par. 1 of TUF*", through which Administration and Financial Reporting is informed of intragroup transactions qualifying as material under art. 5 of the Procedures. Intragroup transactions which cannot be exempted under the present article shall follow the

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<sup>⑤</sup> For illustrative purposes only, the examples given by Consob in Communication DEM/10078683 of 24-09-2010, to clarify the concept of "effective weight of the investment" are reproduced below:

- (i) Company A controls 50% of the voting power of company B (a listed company), which in turn controls with the same percentage company C (an unlisted company). A also directly holds the other 50% of C. In a transaction between company B and company C, company A holds a significant interest in C because the effective weight of the investment in C is equal to  $50\% + (50 \times 50\%) = 75\%$ , while the weight of the investment in B is equal to 50%: there is therefore an incentive for a net transfer of resources from B to C.
- (ii) Company A controls 30% of the voting power of company B (a listed company), which in turn controls 50% of the voting power of company C (an unlisted company). A also directly holds 10% of C. In a transaction between company B and company C, company A does not hold a significant interest in C because the effective weight of the investment in C is equal to  $10\% + (30 \times 50\%) = 25\%$ , while the weight of the investment in B is equal to 30%: in the absence of other significant interests, there is therefore no incentive for a net transfer of resources from B to C.

provisions of articles 7 and 8, depending on the maximum expected amount of the Transactions.

**12.4** The provisions of the present Procedures shall not apply to:

- a) share-based compensation plans approved by the Shareholders' Meeting in accordance with art. 114-*bis* of TUF and related implementation guidelines;
- b) resolutions, other than other indicated in art. 12.1, relating to the remuneration of directors and directors with particular responsibilities, and to other key management personnel, provided that:
  - i) the Company has adopted a remuneration policy approved by the Shareholders' Meeting;
  - ii) a committee made up exclusively of non-executive directors, the majority of whom are independent, has been involved in the definition of the remuneration policy;
  - iii) the remuneration awarded is identified in compliance with that policy and is quantified on the basis of criteria that do not involve discretionary assessments.
- c) Ordinary Transactions completed under Market Equivalent or Standard Terms. In the event of exemption from the disclosure requirements applying to Material Transactions:
  - i) the Company shall, in a communication to Consob and to the Committee or, in any case, to the Independent Directors who express opinions on Related Party Transactions, within the publication deadline for the information memorandum referred to in art. 5, paragraph 3 of the Regulations, disclose the counterparty, the object and the consideration of the Transactions that have benefited from exclusion, as well as the reasons why the transaction is considered ordinary and concluded at market equivalent or standard terms, providing objective supporting documentation;
  - ii) the Company shall disclose in its interim and annual financial reports which of the Transactions subject to disclosure requirements have been completed by applying the exemption permitted in the present article.

**12.5** If a Transaction is not referable to the Shareholders' Meeting and does not have to be authorised by it, where expressly permitted by the By-laws and in cases of urgency, notwithstanding the provisions of art. 5 of the Regulations and the Board of Directors' decision-making prerogative pursuant to art. 8.2 a) of these Procedures, applicable to Material Transactions, the Transaction may be exempted from the provisions of art. 7 and from the other provisions of art. 8 of these Procedures, provided that:

- a) in the case that the proposed Transaction falls under the responsibility of a Chief Executive Officer or of the Executive Committee (if formed), the Chairman of the Board of Directors and members of the Committee in art. 6 are immediately informed of the reasons for such urgency before the Transaction takes place;
- b) such Transactions shall be, without prejudice to their validity, the subject of a non-binding resolution at the next possible ordinary Shareholders' Meeting;
- c) the Board of Directors prepares a report containing suitable justification for the urgency. The Board of Statutory Auditors shall report to the Shareholders' Meeting its opinion of whether there were urgent reasons or not;
- d) the report and opinion in c) shall be published, at least twenty-one days before the date set for the Shareholders' Meeting, at the registered office and following the procedures required by law;
- e) within one day after the Shareholders' Meeting, the Company shall publish, following the procedures required by law, the results of the vote, with particular regard to the total number of votes cast by Unrelated Shareholders.

## **Art. 12- bis - Information flows to verify the correct application of cases of exemptions**

**12-bis.1** The Independent Directors who express opinions on Related Party Transactions: i) shall receive, at least once a year, information on the application of the cases of exemption identified pursuant to art. 12 of these Procedures with reference to Material Transactions, notwithstanding the provisions of the *“Procedure for the fulfilment of obligations pursuant to art. 150, first paragraph, of TUF”*; ii) shall verify the correct application of the exemption conditions for Material Transactions defined as Ordinary that are concluded at Market Equivalent or Standard Terms, communicated to them pursuant to art. 12.4 c) i) of these Procedures.

**12-bis.2** Corporate Affairs, in coordination with the Responsible Officers and taking into account the information flow referred to in art. 4, shall communicate to the Independent Directors who express opinions on Related Party Transactions the information referred to in art. 12-bis.1 above of these Procedures, using the methods and times suitable to allow compliance with the provisions of said article.

## **Art. 13 - Disclosure of Related Party Transactions**

**13.1** The Company must prepare an information memorandum in compliance with the requirements of the Regulations for any Material Transactions, including those carried out by its Italian or foreign subsidiaries. The information memorandum shall be published and sent to Consob in accordance with the timing and procedures contained in the Regulations.

**13.2** The information memorandum in 13.1 must also be prepared if cumulative transactions under art. 8.3 exceed the materiality thresholds.

**13.3** The Company shall publish the information memorandum referred to in the preceding paragraphs, along with any opinions of the Committee and of the independent experts chosen by the Committee pursuant to articles 7.4 and 8.2 d) of these Procedures, as well as the opinions issued by experts, qualified as independent and possibly used by the Board of Directors, if involved in the Transaction.

**13.4** As required by art. 154-ter of TUF, the Company shall disclose information in its interim and annual financial reports about:

- a) individual Material Transactions completed in the reporting period;
- b) any other individual Related Party Transactions completed in the reporting period, which have had a material impact on the Company's balance sheet and results;
- c) any other change or development in the Related Party Transactions described in the latest annual financial report which has had a material impact on the Company's balance sheet and results in the reporting period.

**13.5** The preparation and publication of the information memorandum referred to in art. 13.1, as well as its transmission to Consob, shall be coordinated by Corporate Affairs, starting with the information collected under the procedures in art. 4, as subsequently integrated and completed to ensure that the information memorandum satisfies all the Regulations' requirements. In order for Prysmian's head office functions and/or subsidiaries, involved in the Transaction described in the information memorandum, to be able to provide the information needed to prepare this document, Corporate Affairs can request their assistance at any time and their direct contribution in preparing the information memorandum.

## **Art. 14 - Related Party Transactions and public communications**

**14.1** If a Related Party Transaction is disclosed via a statement pursuant to art. 17 of Regulation (EU) No. 596/2014, the latter shall contain, in addition to the other information to be published pursuant to that provision, at least the following information:

- a) a description of the Transaction;
- b) the fact that the Transaction counterparty is a Related Party and a description of the nature of the relationship;
- c) the name or company name of the Transaction counterparty;
- d) whether or not the Transaction exceeds the materiality thresholds identified in art. 5 and whether an information memorandum will be subsequently published;
- e) the procedures that have been or will be followed for approving the Transaction and, in particular, whether the Company has made use of any permitted exemptions;
- f) whether the Transaction has been approved despite the Committee's adverse opinion.

## **Art. 15 - Monitoring and revision of the Procedures**

**15.1** The present Procedures, as well as any amendments thereto, shall be approved by the Board of Directors, after obtaining the Committee's reasoned favourable opinion.

**15.2** The Board of Statutory Auditors shall monitor compliance of the adopted Procedures with applicable laws and regulations, and compliance with the Procedures and shall report to the Shareholders' Meeting accordingly.

**15.3** The present Procedures and related amendments shall be published without delay on the Company's website, without prejudice to the requirement to publicise these procedures in the annual financial report, including by making reference to the website.

## **Art. 16 - Final provisions**

**16.1** These Procedures came into force on 1 January 2011 and were subsequently amended by the Board of Directors on 19 December 2013, on 10 May 2016 and 3 March 2021 (the latter amendment effective from 1 July 2021).

**16.2** The Company shall inform all the addressees that these Procedures have been issued and of any amendments and additions thereto. In particular, the Chief Executive Officer shall see that a copy of the Procedures is sent to all the Responsible Officers in charge of distributing the Procedures to function heads and their other staff who might be a position to be able to verify and identify the possible conduct of Related Party Transactions. The Procedures shall be published on the Company's website for ease of access by all addressees.

Corporate Affairs, together with the Independent Directors, shall be responsible for monitoring the adequacy of the Procedures over time and for presenting any proposed revisions to the Committee and Board of Directors.

The Company's interpretation of the provisions of the Regulations and of these Procedures shall take into account the recommendations and interpretative criteria reported in Consob Communication No. DEM/100788683 of 24 September 2010 or in other subsequent Communications or interpretative guidelines adopted by Consob on the matter.

**16.3** In order to ensure coordination with the administrative and accounting procedures under art. 154-bis of TUF, the present Procedures complement the "*Procedures for fulfilling the obligations under art. 150, par. 1 of TUF*" adopted by the Prysmian Board of Directors on 31 July 2007 and subsequent amendments and additions thereto.

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## ATTACHMENTS

**APPENDIX 1 - (Definitions of Related Parties and Related Party Transactions and associated definitions in accordance with international accounting standards)**

**1. Definitions of Related Parties and Related Party Transactions in accordance with international accounting standards**

For the purposes of art. 3.2 of these Procedures, there follows an extract of the definitions of related parties and related party transactions pursuant to IAS 24 and a reference to the further definitions of those functions provided for by the international accounting standards, as in force at the date of these Procedures:

*Related Parties*

A *related party* is a person or entity that is related to the entity that prepares the financial statements.

- (a) A person, or a close family member of that person, is related to the entity that prepares the financial statements if that person:
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is one of the key management personnel of the reporting entity or of a parent company of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) the entity and the reporting entity are members of the same group (which means that each parent company, subsidiary and group company is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture in a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity has a severance indemnity plan for employees of the reporting entity or an entity related to it;
  - (vi) the entity is controlled or jointly controlled by a person identified in point (a);
  - (vii) a person identified in point (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent company of the entity) [IAS 24, paragraph 9].

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, a subsidiary of an associate and the investor that has significant influence over the associate are related to each other [IAS 24, paragraph 12].

*Related Party Transactions*

A *related party transaction* is a transfer of resources, services or obligations between a company and a related party, regardless of whether a fee has been agreed [IAS 24, paragraph 9]<sup>⑥</sup>.

**2. Definitions relating to those of Related Parties and Related Party Transactions in accordance with international accounting standards**

The terms “control”, “joint control” and “significant influence” are defined in IFRS 10, IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures) and are used with the meanings specified in those IFRSs [IAS 24, paragraph 9].

*Key management personnel*

*Key management personnel* are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company [IAS 24, paragraph 9].

*Close family members*

*Close family members* of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the company, including:

- (a) the children and the spouse or partner of that person;
- (b) the children of the spouse or partner of that person;
- (c) the dependants of that person or their spouse or partner [IAS 24, paragraph 9].

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<sup>⑥</sup> Such transactions include:

- mergers, spin-offs for absorption or non-proportional spin-offs, if undertaken with related parties;
- decisions relating to the award of remuneration and economic benefits, in whatever form, to members of the management and control bodies and to key management personnel.

**3. Principles for interpreting the definitions**

**3.1.** When examining each related party relationship, attention must be given to the substance of the relationship and not merely its legal form [IAS 24, paragraph 10].

**3.2.** The above definitions shall be interpreted with reference to the international accounting standards adopted in accordance with the procedure established in art. 6 of Regulation (EC) 1606/2002.

**APPENDIX 2 - (Form for reporting information for the census of Related Parties)**

Details of declaring party:

Surname and first name

Place and date of birth

Nationality

Tax Code (if available)

Residence (address, postcode, town, province, country)

Position of declaring party:

- A) Director of Prysmian S.p.A.
- B) Standing Statutory Auditor of Prysmian S.p.A.
- C) Key manager of Prysmian S.p.A.
- D) Entity that controls Prysmian S.p.A.
- E) Representative of the Company that controls Prysmian S.p.A.  
Name  
VAT number  
Registered office (address, postcode, town, province, country)
- F) Other (specify the nature of the relationship)

The declaring party, for the purposes of the regulations for related party transactions approved by Consob on 12 March 2010 with resolution 17221 and subsequent amendments and additions thereto, knowing the definition of a related party<sup>①</sup> referred to in the stated Consob regulation and in the prevailing *pro tempore* international accounting standards adopted in accordance with the procedure under art. 6 of Regulation (EC) 1606/2002, and acknowledging the "Procedure for Related Party Transactions" adopted by the Board of Directors of Prysmian S.p.A., must confirm

**that they do not exercise** control<sup>②</sup>, joint control<sup>③</sup>, significant influence<sup>④</sup>, or do not hold significant voting power (i.e. not more than 20%) over any company or entity,

or,

**that they exercise** control, joint control, significant influence or hold significant voting power, i.e. more than 20% in companies and/or entities, giving an indication of the name, country, registered office and VAT for each of them.

**(only for parties in A, B, C and D)**

And confirms

**that they have no** close family members<sup>⑤</sup> relevant to the purposes of the rules in question,

or,

**that they have** close family members relevant under the provision in question, indicating for each of them, the nature of the relationship, the surname and the name, date and place of birth and tax code.

and that said persons:

**do not exercise** control, joint control, significant influence, or do not hold significant voting power (i.e. less than 20%) over any company or entity,

or,

**that they exercise** control, joint control, significant influence or hold significant voting power, i.e. more than 20% in companies and/or entities, giving an indication of the name, country, registered office and VAT for each of them.

The declaring party undertakes to promptly notify Prysmian S.p.A. of any future changes or additions to the information provided.

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- ① A *related party* is a person or entity that is related to the entity that prepares the financial statements.
- (a) A person, or a close family member of that person, is related to the entity that prepares the financial statements if that person:
    - (i) has control or joint control over the reporting entity;
    - (ii) has significant influence over the reporting entity; or
    - (iii) is one of the key management personnel of the reporting entity or of a parent company of the reporting entity.
  - (b) An entity is related to a reporting entity if any of the following conditions applies:
    - (i) the entity and the reporting entity are members of the same group (which means that each parent company, subsidiary and group company is related to the others);
    - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture in a group of which the other entity is a member);
    - (iii) both entities are joint ventures of the same third party;
    - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
    - (v) the entity has a severance indemnity plan for employees of the reporting entity or an entity related to it;
    - (vi) the entity is controlled or jointly controlled by a person identified in point (a);
    - (vii) a person identified in point (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent company of the entity) [IAS 24, paragraph 9].

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, a subsidiary of an associate and the investor that has significant influence over the associate are related to each other [IAS 24, paragraph 12].

② The terms “control”, “joint control” and “significant influence” are defined in IFRS 10, IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures) and are used with the meanings specified in those IFRSs [IAS 24, paragraph 9].

③ The terms “control”, “joint control” and “significant influence” are defined in IFRS 10, IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures) and are used with the meanings specified in those IFRSs [IAS 24, paragraph 9].

④ The terms “control”, “joint control” and “significant influence” are defined in IFRS 10, IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures) and are used with the meanings specified in those IFRSs [IAS 24, paragraph 9].

⑤ Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the company, including:

- (a) the children and the spouse or partner of that person;
- (b) the children of the spouse or partner of that person;
- (c) the dependants of that person or their spouse or partner [IAS 24, paragraph 9].

**APPENDIX 3 - (Form for reporting information about Related Party Transactions)**

In compliance with art. 4.6 of the Procedures, this communication must cover the following, giving at least an indication of:

- the submitting party;
- the name of the Related Party with whom the transaction is being undertaken;
- the type and subject of the transaction (including a brief description of its characteristics, manner of execution, terms and conditions);
- an indication of the reasons for the transaction and of its substantive fairness;
- the economic value of the transaction;
- the method of determining the price and assessments of its fairness;
- any risks for the Company and/or its subsidiaries arising from the transaction;
- any materiality thresholds exceeded from which derives the material nature of the transaction.

There must be an indication of whether:

- the transaction qualifies as a **Less Material Transaction (art. 5)**
- the transaction, although qualifying individually as a **Less Material Transaction**, if taken **cumulatively** could result in the materiality thresholds being exceeded (art. 8.3)
- the transaction qualifies as a **Material Transaction** because it has exceeded the materiality thresholds (art. 5), with a description of the calculation performed
- despite being an **intragroup transaction**, it is not exempt from disclosure requirements because of the possible presence of a **significant interest** by another Related Party of the Company (art. 12.3), with an indication of the additional Related Party and of the possible significant interest
- the transaction qualifies as an **Ordinary Transaction concluded under Market Equivalent or Standard Terms** (in this regard see the paragraph “**Definitions**” in these Procedures) *(in this case the documentation containing objective supporting evidence as well as the additional information indicated in art. 12.4 c) i) of these Procedures shall be transmitted)*
- the transaction may form part of a **series of similar transactions with certain categories of Related Parties** and could therefore be subject to a specific **general resolution (art. 11.1)**

Additional observations, clarifications and/or remarks may be included.