



REPORT BY THE BOARD OF DIRECTORS OF PRYSMIAN S.P.A. (“PRYSMIAN” OR THE “COMPANY”) TO VOTE, AS ITEMS NUMBER NINE AND TEN OF THE AGENDA OF THE ORDINARY SESSION OF THE SHAREHOLDERS’ MEETING SCHEDULED ON 18 APRIL 2024 (THE “SHAREHOLDERS’ MEETING”), UPON THE REPORT ON REMUNERATION POLICY AND COMPENSATION PAID OF PRYSMIAN GROUP, PURSUANT TO ARTICLE 125-TER OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998, AS AMENDED AND UPDATED.



## PREAMBLE

Shareholders,

With reference to items number nine and ten of the agenda, you are invited to resolve upon the "*Report on remuneration policy and compensation paid*" of Prysmian Group, as approved by the Board of Directors and here attached (the "**Report**").

It is reminded that the relevant legislation about the transparency of the compensation of Board of Directors' Members, of General Managers, of Managers with Strategic Responsibilities and of the Board of Statutory Auditors' Members of listed companies, is currently regulated by UE Shareholders Right Directive II and its implementation in Italy with the amendments to art. 123-ter of Italian Legislative Decree no. 58/1998 ("**T.U.F.**").

Art. 123-ter of T.U.F. requires listed companies to make the Report publicly available at least 21 days before the Shareholders' Meeting and that it should consist of two sections: (i) a remuneration report, to be submitted to Shareholders' binding vote in any case at least every three years or before in case of amendments, and (ii) a report on the remuneration paid, to be submitted each year to Shareholders' non-binding vote.

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## 9. Approval of the remuneration policy of Prysmian Group.

Pursuant to art. 123-ter, paragraphs 3-bis e 3-ter, of T.U.F., the Shareholders' Meeting is required to adopt a binding vote on the first section of the Report that describes the remuneration policy for the Board of Directors' Members, the General Managers, the Managers with Strategic Responsibilities and the Board of Statutory Auditors' Members, together with the procedures used for the adoption and implementation of said policy.

The Board of Directors of the Company submits a new first section of the "Report on remuneration policy and compensation paid", which the Shareholders' Meeting is required to resolve upon with binding vote.

Considering the above, we propose that you adopt the following resolution:

**"The Shareholders' Meeting,**

- **examined the "Report on remuneration policy and compensation paid" as approved by the Board of Directors,**
- **considering that art. 123-ter, paragraphs 3-bis e 3-ter, of the Italian Legislative Decree no. 58/1998 requests that the first section of the aforementioned report has to be submitted to the binding vote of the shareholders,**

**RESOLVES**

**To approve the first section of the "Report on remuneration policy and compensation paid".**

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**10. Advisory vote on the compensation paid in 2023.**

Pursuant to art. 123-ter, par. 6, of T.U.F., the Shareholders' Meeting is required to adopt a non-binding resolution for or against the second section of the "*Report on remuneration policy and compensation paid*", which describes in detail:

- a) each of the items comprising compensation of the members of the Board of Directors, the General Managers, the Managers with Strategic Responsibilities and the Board of Statutory Auditors' Members, highlighting the coherence with the remuneration policy relating to the 2023 financial year;
- b) the compensation paid during the 2023 financial year and the compensation, to be paid during one or more following financial years, for the activity carried out in the reference financial year.

Therefore, we invite you to express your opinion as follows:

***"The Shareholders' Meeting, considering the "Report on remuneration policy and compensation paid", expresses a favourable opinion on the second section of said report, containing the description of the compensation paid to the members of the Board of Directors, the General Manager, the Managers with Strategic Responsibilities and the Board of Statutory Auditors' Members of Prysmian S.p.A."***

Milan, 16 March 2024

\* \* \*

# REPORT ON REMUNERATION POLICY AND COMPENSATION PAID

## 2024





# **Report on Remuneration Policy and Compensation Paid 2024**

**Approved by Board of Directors on 28<sup>th</sup> of February 2024**

*This document on the transparency of directors' remuneration in listed companies is drawn up pursuant to art. 123-ter of the Consolidated Law on Finance, in compliance with art. 84 quarter of the Issuers' Regulation and the Corporate Governance Code of Borsa Italiana SpA.*

Prysmian S.p.A. – Via Chiese 6, 20126 Milano – C.F. 04866320965

Dear Shareholders,

I am pleased to present to you the Report on Remuneration Policy and Compensation Paid, that, in the traditional spirit of full transparency which has always inspired our communication with the stakeholders, aims at providing a complete picture of the results of the application of the remuneration policy in relation to the Prysmian's Group performance in 2023 and describing the remuneration policy applicable for the two-year period 2024-25.

The year 2023 was characterized by an exceptional business performance, which allowed us to achieve our best results ever, with a Group Adjusted EBITDA of €1.628 billion, 9,4% higher than the 2022 result of €1.488 billion and consistent with the upwardly revised guidance communicated to the market in July 2023. Other indicators confirm that 2023 was a successful year. The Free Cash Flow amounted to €724 million (+29,5% on 2022), exceeding the July 2023 guidance. The Board of Directors proposed the distribution of a dividend of €0.70 per share (+17% on 2023), for a total amount of about €190 million. The recorded business performance makes us very confident about the realisation of the strategic plan presented last October at the Capital Market Day.

The year 2023 was characterised by the launch of important changes in the Group's organisation and governance. In fact, the first months of the financial year saw the involvement of myself, in my capacity as Chairman of the Remunerations and Nominations Committee, together with the Chairman of the Board and the Lead Independent Director, in updating the succession plan, with a particular focus on the position of the CEO, supported by an external independent advisor, Egon Zehnder. The process involved the identification of candidates from outside and inside the Company, evaluated based on the personal and professional characteristics that the CEO of a complex, listed, international industrial company like Prysmian must have. On 26 May 2023, the Board of Directors resolved to designate Massimo Battaini, current Director and Chief Operating Officer of Prysmian Group, as the next candidate for the role of Chief Executive Officer of the Prysmian Group, having been informed by the Company's current CEO, Valerio Battista, of his unavailability to serve as CEO for the next mandate (2024-2026). Massimo Battaini is therefore included as candidate for the role of Director and Chief Executive Officer in the Slate of the outgoing Board. During the following months, the Remunerations and Nominations Committee started the process of determining the remuneration of the new CEO, also in this case with the support of independent external advisors (Mercer, Willis Towers Watson and Korn Ferry) for specific benchmarking activity. In fact, we considered it particularly crucial to assess

the appropriateness of the proposal also with respect to market practices, in particular in the industrial goods sector, as well as in consideration of the outgoing CEO's remuneration, the profile of the new CEO, and the principles and drivers of the Company's remuneration policy. Section I of this document provides details on the process carried out and the characteristics and levels of the new CEO's remuneration package in a dedicated chapter.

Moreover, the last few months of 2023 were characterised by the definition of the Group's new organisational structure, operational as of 1 January 2024 and communicated to the market on 19 December 2023, functional to the achievement of medium-long term growth ambitions and more in line with the structure of the market served by Prysmian, with the introduction of four new business segments (Transmission, Power Grid, Electrification and Digital Solutions), replacing the three previous Divisions (Projects, Energy, Telecom). The Group's leadership has been entrusted to a leadership team that was partly renewed by enhancing internal succession plans, also leveraging the continuity of the existing management. The new leadership team is characterised by a stronger international profile and an improvement in terms of the gender balance of Top Management.

With regard to the application of the Remuneration Policy, the long-term incentive plans presented to the Shareholders' Meeting last 19 April were actually launched in 2023: the GROW 2023-2025 equity Plan addressed to approximately 1,100 managers and the RES 2023-2026 monetary Plan addressed to key managers of the Transmission segment.

The BE IN plan, approved by the Shareholders' Meeting in 2022 and intended for all employees who are not recipients of individual incentive plans envisages, on a voluntary basis, the allocation in shares of a portion of local production bonuses: it was implemented for the first year in 2023 and the second edition is already underway. This plan, which represents an innovation among share plans, aims to extend share ownership to the blue-collar population, with a view to inclusion, engagement and sharing of the value created. As many as 12,000 employees participated in the BE IN Plan. Lastly, the YES - Your Employee Shares Plan, which offers for all Group employees the opportunity to purchase Company shares on favourable terms, turned 10 years old in 2023; in the same year it enabled more than 4,400 colleagues to invest in Prysmian shares.

The Value4All programme, which encloses the three share plans BE IN, YES and GROW, has made it possible to reach the ambitious goal of about 14,000 employees who are Prysmian shareholders. They represent about 46% of the total, in line with the Social Ambition's goal of achieving share ownership of at least 50% of employees by 2030.

*During 2024 we will apply a new remuneration policy, which will be submitted for approval to the Shareholders' Meeting for the two-year period 2024-2025. The new policy is defined in substantial continuity with the previous one, also with respect to transparency in disclosure; it should be noted that the long-term incentive plans provide for a multi-year grant frequency and are therefore not subject to change during the performance period. The annual incentive plan (MBO) has substantially similar characteristics to the 2023 plan, with the continued inclusion of objectives in the ESG area, linked to Prysmian's Sustainability Scorecard. We confirm our commitment to close the Gender Pay Gap for equal work and to gather over the next three years the many insights emerging from the results of Speak Up, our annual employee survey.*

*The changes we have introduced, with regard to severance policy and the limitation of derogations, stem from listening constantly to our investors and proxy advisors, whom we thank for their continued willingness to engage in dialogue and for their enriching contributions.*

*Finally, I would like to take this opportunity to thank the other members of the Remunerations and Nominations Committee, the Board of Directors, and Prysmian's management for their continuous contribution to the effective performance of the Committee's work. As the three-year mandate comes to an end, I hope that the work of the Committee will continue to be carried out with the same intensity and level of ambition that has characterised it over the past three years.*



**Paolo Amato**  
*Chairman of the  
Remunerations and  
Nominations Committee*

# TABLE OF CONTENTS

<b>Introduction</b>	<b>08</b>
<b>KEY ASPECTS</b>	<b>10</b>
<b>1. Value 4 All</b>	<b>12</b>
<b>2. The creation of sustainable value</b>	<b>14</b>
<b>3. Pay for Sustainable Performance</b>	<b>19</b>
<b>4. Remuneration Policy 2024-2025 Executive Summary</b>	<b>23</b>
<b>SECTION I</b>	<b>42</b>
<b>1. Governance</b>	<b>44</b>
1.1 Remunerations and nominations committee	45
1.2 Relationship with shareholder	47
1.3 Approval of the remuneration policy and main changes	47
<b>2. Purposes, principles and beneficiaries of the Remuneration Policy</b>	<b>50</b>
2.1 Recipients	51
<b>3. Link with the strategy</b>	<b>51</b>
<b>4. Esperti indipendenti e riferimenti di mercato</b>	<b>53</b>
<b>5. Remuneration of the Chairperson and Non-Executive Directors</b>	<b>54</b>
<b>6. Remuneration of Statutory Auditors</b>	<b>56</b>
<b>7. Remuneration of the Chief Executive Officer, Executive Directors, and other MSRs – pay components</b>	<b>56</b>
7.1 Fixed remuneration	56
7.2 Variable remuneration	57
7.2.1 Short-term incentive system (MBO Plan)	57
7.2.2 Long-term incentive system (LTI Plan)	60
7.2.3 Renewable stability program from the core transmission execution team (RES Plan)	68
7.3 Benefit	73
7.4 Other elements	74
7.4.1 Retention/discretionary bonus	74
7.4.2 Share Ownership Guideline	74
7.4.3 End of service or termination indemnity and non-competition agreements	74
<b>8. Remuneration of the Chief Internal Audit Officer</b>	<b>77</b>
<b>9. Derogations</b>	<b>77</b>

<b>SECTION II</b>	<b>80</b>
1. Activities of the Remunerations and Nominations Committee	82
2. Performance 2023 and Annual Incentive Plan MBO 2023	86
3. Chairperson of the Board of Directors	87
4. CEO	88
5. Executive Directors	89
6. Non-Executive Directors	91
7. Statutory Auditors	92
8. Managers with Strategic Responsibilities (MSRs)	92
9. Derogations to the remuneration policy and potential application of ex-post correction mechanisms on variable remuneration (malus and clawback)	93
10. Comparison data	94
11. Vote expressed by the Shareholders' Meeting on the second section of the report on the remuneration policy and compensation paid for the previous year	95
<b>REMUNERATION TABLES</b>	<b>96</b>

# Introduction

This Report on Remuneration Policy and Compensation Paid, approved by the Board of Directors on the proposal of the Remunerations and Nominations Committee on 28 February 2024 (the "Report"), drawn up pursuant to art. 123-ter of Legislative Decree 58/1998 "Consolidated Law on Finance" or "T.U.F.") and subsequent amendments, in compliance with article 84-quater of the Consob's Regulation n.11971/1999 (so-called Issuer's Regulation) and with the Corporate Governance Code of Borsa Italiana SpA, illustrates:

- In **SECTION I**, the Policy that will be adopted by the Prysmian SpA (hereinafter "**Prysmian**" or the "Company") for the remuneration of Directors, Statutory Auditors and Managers with strategic responsibilities ("MSR"<sup>1</sup>), subject to its approval in occasion of the Shareholders' Meeting which will be called to approve the financial statements as at 31 December 2023, with effect for a period of two financial years, starting from the date of the same meeting until the date of the meeting for the approval of the financial statements as at 31 December 2025, when will end the three-year performance period relating to the 2023-2025 Long-Term In-

centive GROW Plan (hereinafter the "Grow Plan") approved by the Shareholders' Meeting on 19<sup>th</sup> April 2023.

Section I of this Report describes additionally the general aims pursued by the Policy, the bodies involved and the procedures used for its adoption and implementation. The general principles and guidelines defined in Section I of this Report are also relevant for the purposes of determining the remuneration policies of the companies directly and indirectly controlled by Prysmian (hereinafter "Prysmian Group")<sup>2</sup>.

Although Section I is characterised by substantial continuity - in terms of principles, remuneration elements and incentive mechanisms - with the one approved by the Shareholders' Meeting on 19 April 2023, which is valid for three years, it is considered that the circumstance of the renewal of the Board of Directors and the evolution of the Company's organisational structure require it to be re-proposed for approval by Shareholders, with a view to the maximum transparency that has always characterised Prysmian's approach to remuneration issues and as an opportunity to maintain a high level of disclosure on key aspects of corpo-

1 - They fall within the definition of "Executives with strategic responsibilities" pursuant to Art. 65, paragraph 1-quater, of the Issuers' Regulations, as the individuals who have the power and responsibility, directly and indirectly, for the planning, management and control of Prysmian. Prysmian's Executives with strategic responsibilities are all Executive Directors and the heads of the three Business Divisions who report directly to the Chief Executive Officer. For further information on Prysmian's organizational structure, please refer to the Company's website ([www.prysmian.com](http://www.prysmian.com)).

2 - The determination of the remuneration policies of the subsidiaries takes place in compliance with the principle of managerial autonomy, in particular for listed and/or regulated companies, as well as in line with the provisions set forth by local regulations.

rate and remuneration strategy. In addition, the new Policy contains changes relating to the application of any waivers and severance policies defined in response to specific comments on the matter by some of our investors and proxy advisors.

The Policy described in Section I of the Report has been prepared in line with the recommendations on remuneration of the Corporate Governance Code of listed companies<sup>3</sup>.

- In **SECTION II**, the outcomes of the implementation of 2023 Policy and the fees paid during the financial year to the Directors, Statutory Auditors, the Chief Executive Officer and other Managers with strategic responsibilities of Prysmian, in compliance with the Policy approved from the Shareholders' Meeting;

The two sections of the Report are introduced by an introduction that summarize the main information of the Remuneration Policy of Prysmian and its implementation ("Key Aspects") in order to provide the market and investors with an immediate reading framework on the key elements of the Policy planned for the three-year period 2023-2025 and of the implementation in the 2023.

Lastly, the Report illustrates the shareholdings held by the Directors, Statutory Auditors, the Chief Executive Officer and other Managers with strategic responsibilities<sup>4</sup>.

The text of this Report is made available to the public, within the deadlines established for the Shareholders' Meeting convened to approve the financial statements for the 2023 financial year and called to express its opinion, with a binding resolution, on the first section of the same Report, as well as, with a non-binding resolution, on the second section, according to the provisions of current legislation. The information documents relating to the existing compensation plans based on financial instruments can be found in the Governance - Remuneration - Incentive Plans section of the Company's website.

3 - For further information on Prysmian's terms of compliance with the Corporate Governance Code, please refer to the Corporate Governance Report published on the Company's website.

4 - See Art. 84-quater, fourth paragraph, of the Consob Issuer's Regulation.

# KEY ASPECTS





## **I. Value 4 All**

The **Value4All** program, launched in 2023 to enhance the generation and distribution of value not only to the market and shareholders but also to Prysmian people, is the set of 3 remuneration and incentive plans based on Prysmian shares. It was created with the aim of promoting share ownership of at least 50% of Prysmian people by 2030, in line with the Social Ambition of the Group, through the grant or purchase of shares on favourable terms. By the end of 2023, the employee shareholding of the Prysmian Group has already reached 46%. This commitment encloses all levels of the organization and in particular attention is paid to the non-desk worker population, who represent the solid foundation on which Prysmian's unparalleled success is based.

Value 4 All promotes the following objectives through the 3 Plans:

- strengthen engagement and a sense of membership of the Group;
- align the interests of people at all levels of the organization with those of the other shareholders;
- identify and share a common goal of creating sustainable long-term value;
- ensure the long-term sustainability of performance by aligning the short- and long-term interests of management, the entire workforce and shareholders.

The above mentioned Value4All program includes the following three plans:

■ **"BE IN Plan"**: profit-sharing plan for Prysmian Group employees. Approved in 2022 and implemented in 2023, the plan involves employees who are not recipients of individual incentive plans, such as MBO, Sales MBO, GROW. In particular, it focuses on the blue-collar population in order to foster engagement and mitigate the impact of inflation that has been seen in recent years. The BE IN plan provides for the free allocation of shares as part of the production bonus. This bonus is determined locally through collective bargaining, involving countries, companies or even specific plants. Upon allocation, the shares are immediately available to participants. In addition, participants who voluntarily choose to hold the shares for a period of 12 months after the initial allocation are allocated an additional number of shares equal to those initially allocated.

**The BE IN plan currently involves more than 12,000 people, who represent about 43% of employees, distributed in over 100 offices and plants located in 26 countries, with the expectation of a gradual extension of the audience in the coming years, to involve an even greater number of participants.**

■ **"YES Plan - Your Employee Shares"**: a share purchase plan aimed at Prysmian Group employees (employee share purchase plan), offering them the opportunity to purchase shares on a voluntary basis at favourable conditions. This plan, launched over 10 years ago and most recently updated in 2021, represents a key element of Prysmian's strategy for engaging its people.

The YES plan provides for the purchase of shares with a 36-month non-vesting restriction (retention period) from the date of purchase with a discount on the market price (1% for Top Managers, 15% for executives and 25% for the rest of the company's workforce), in addition to the free allocation of a certain number of entry bonus shares offered at the time of joining and loyalty shares for those who choose to renew the retention period.

**To date, around 34% of employees in the more than 31 countries where the Plan is active have adhered to the Plan, and in 2023 more than 4,400 colleagues participated.**

■ **"GROW Plan"**: 2023-2025 long-term incentive plan (LTI) approved in 2023 and dedicated to Prysmian's management and people with high performance and/or potential selected on the basis of their role and impact on Group results. The purpose of the plan is to align the interests of management with

those of shareholders, promoting the creation and distribution of long-term sustainable value.

The GROW plan envisages the free grant of Performance Shares in relation to the degree of achievement of the three-year performance conditions, of Deferred Shares as a deferred component of the annual incentive plan (MBO), of proportional Matching Shares to the extent of 0.5 units for each Deferred Share.

**The GROW plan is targeted at approximately 1,100 managers and talents in Prysmian's main business areas that have a significant impact on the achievement of corporate and sustainability strategies.**

For more information please refer to the Informative Documents of the related plans

YES  
BE IN  
GROW

**BE IN** on the value creation,  
say **YES** to your future,  
and **GROW** with the Group

## **2. The creation of sustainable value**

Prysmian's journey towards the creation of sustainable value, which began several years ago, has evolved as part of an integrated strategy, aimed at overseeing a broad spectrum of "ESG" (Environmental, Social, Corporate Governance) topics, with a 2023-2025 scorecard, which aims to collect the three-year targets in the context of Social Ambition 2030 and Climate Change Ambition.

At last October's Capital Markets Day, Prysmian defined and published the main targets to 2027 for some specific KPIs of the scorecard, in line with the Group's five-year strategic plan and some financial targets announced during the event for the same time period.

## Sustainability Impact Scorecard 2023-2025

SDGs	Category	Kpi	Related material Impact & topic	Baseline 2022	Risultati 2023	Target 2025
 	Impacts on Society	Enable access to green electricity to households <sup>(1)</sup>	<b>Enabling the decarbonization to Net-Zero and digitalization</b> Facilitating the energy transition and decarbonization process of the economy and digitalization of the network	21 m	56 m	110 m
		Enable fast digital access to households <sup>(2)</sup>		3 m	9 m	15 m
 	Climate	Percentage reduction of GHG emissions (Scope 1&2 Market Based) vs 2019 baseline <sup>(3)</sup>	<b>Enabling the decarbonization to Net-Zero and digitalization</b> Contribution to GHG emissions of Scope 1 and 2 as a result of direct business activities	-28%	-33%	-38%/-40%
		Percentage reduction of Scope 3 GHG emissions vs 2019 baseline <sup>(4)</sup>	<b>Enabling the decarbonization to Net-Zero and digitalization</b> Contribution to GHG emissions of Scope 3 as a result of indirect business activities	-7.5%	-10%	-11.5%/-15%
	Green & Circular Economy	Share of revenues linked to Sustainable Products <sup>(5)</sup>	<b>Sustainable innovation and circularity</b> Reduction of emissions related to new products - through the development of low-emissions products (higher recycled content / recyclable products) and virtuous practices such as Design for Sustainability	30%	37%	40%
		Share of recycled content on PE jackets and copper <sup>(6)</sup>		10%	12.7%	15%/16%
 	Diversity & Inclusion	Percentage of desk workers women hired <sup>(7)</sup>	<b>Equity, Diversity, Inclusion &amp; respect for human rights</b> Promotion of specific programs towards a more inclusive and diverse work environment	44.9%	46%	47%/49%
		Percentage of Executive women <sup>(8)</sup>	<b>Equity, Diversity, Inclusion &amp; respect for human rights</b> Promotion of practices to promote gender balance in Prysmian management and BoD	15.7%	18.8%	21%/24%
	People Wellbeing	Safety Assessment Plan <sup>(9)</sup>	<b>Human capital's well-being, engagement &amp; upskilling</b> Potential accidents, mental and physical illness due to a failure to disseminate a health and safety culture in the community in which the Company operates	-	3.4	2.75/5
		Leadership Impact Index <sup>(10)</sup>	<b>Human capital's well-being, engagement &amp; upskilling</b> Engagement: Adoption of people oriented policies to safeguard people's need	55%	57%	57%/61%
 	Solid Governance & Ownership	Percentage of shareholders employees <sup>(11)</sup>	<b>Human capital's well-being, engagement &amp; upskilling</b> Engagement: Adoption of people oriented policies to safeguard people's need	37%	46%	44%/45%
		Completion rate for compliance e-trainings promoting anticorruption <sup>(12)</sup>	<b>Human capital's well-being, engagement &amp; upskilling</b> Upskilling: Strengthening and upskilling the competences of the personnel and develop talent	75%	89.31%	90%

For further details, please refer to the Non-Financial Statement included in the Integrated Annual Report and the Sustainability Report available on the Company's website [www.prysmian.com](http://www.prysmian.com) under the section The Company/Governance/Shareholders Meeting and under Sustainability, respectively.

The scorecard focuses primarily on efforts to improve in five key social dimensions:

**Diversity, equity and inclusion**, to obtain a complete balance in the recruiting activity, improve female representation at all levels, with particular reference to leadership roles and those requiring scientific, technological, engineering and mathematical (STEM) preparation, guaranteeing wage equity to people in comparable roles and ensuring an adequate presence of underrepresented nationalities/ethnicities.

**Engagement and upskilling**, to increase the hours of training offered to all employees, further develop opportunities for professional rotation/growth experiences, promote the sense of belonging of employees through share ownership plans and improve the overall level of engagement of people.

**Health and Safety**, to continue the commitment to disseminate a solid culture of safety, towards the tendency to eliminate all workplace accidents, also as a result of the extraordinary audit programme of all plants during 2023, carried out in cooperation with Ramboll.

**Environment**, to implement an ambitious decarbonization strategy, aligned with the requirements of the Paris Agreement and at the same time work on the circular economy, investing in recycled materials.

**Empowerment of local communities**, to develop educational and training programs dedicated to local schools and communities, with a focus on the most vulnerable and developing regions and encourage young of all ages to discover and embrace a technical or scientific career, through knowledge sharing programs that leverage Prys-mian's extensive global know-how, with the goal of reaching a total of **500 people** involved in the three-year period since the beginning of the programme. Examples are the programs in Oman and Colombia that educate girls and young women in technology.



**The scorecard has been integrated into both the short and long-term remuneration systems which are illustrated later.**

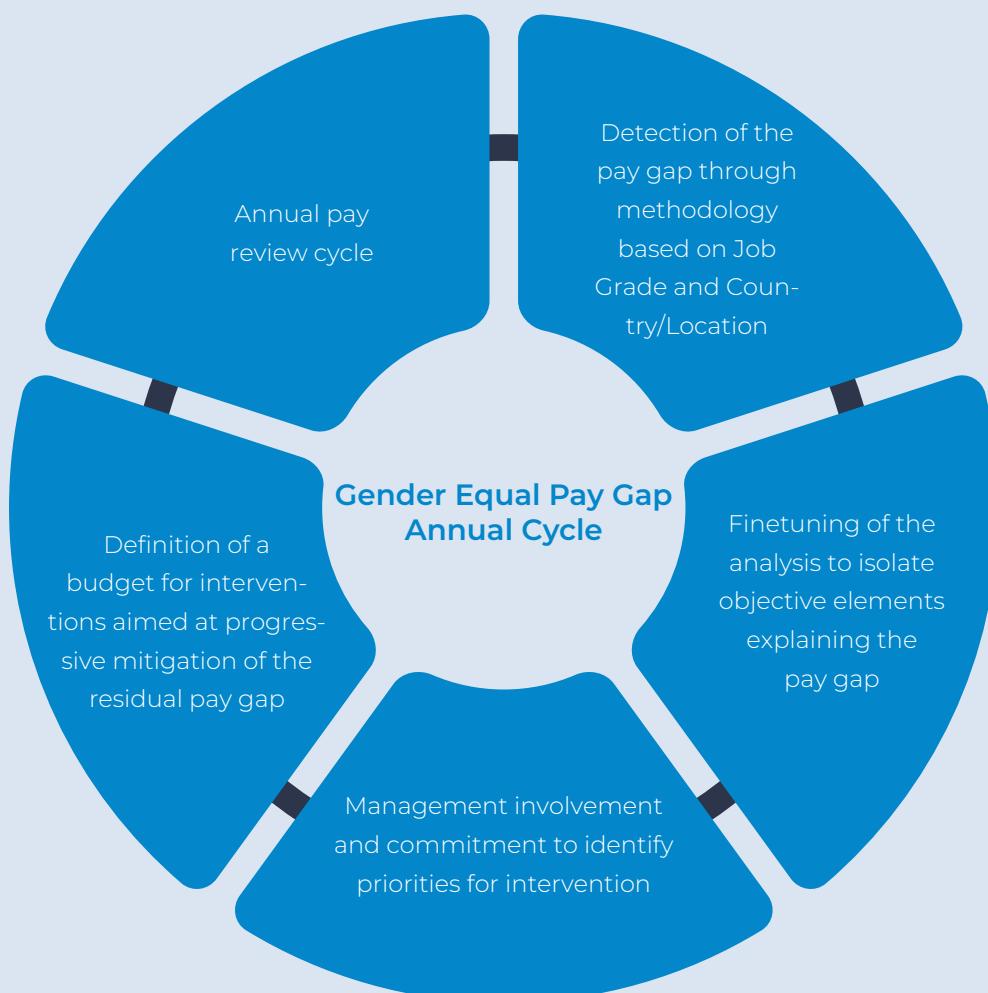
## EQUAL PAY

In order to foster a work environment that guarantees equal opportunities, inclusion and non-discrimination, Prysmian is committed to the gradual elimination of remuneration differences between people holding comparable roles not explained by objective elements and not attributable to the correct application of the remuneration policy.

To support the achievement of this objective, a Gender Equal Pay Gap analysis methodology was developed based on the Job Grade and the reference pay markets for each role: at the beginning of 2022, year when it was first introduced, the application of this methodology highlighted the presence of a pay gap, within the Desk Workers population, on average equal to 7% to the disadvantage of women.

The mitigation of this gap has been carried out in two main directions, as part of the annual salary review process:

- 1 the refinement of the analysis of individual gaps to isolate the objective elements that explain the pay gap, because they are consistent with the criteria of the remuneration policy (e.g. performance, seniority in the role);
- 2 the definition of a budget and an annual pay review cycle dedicated to women with remuneration below the average for men in comparable roles (in the absence of objective elements explaining the pay gap).



The HR information system adopted by Prysmian, Workday, provides dedicated reporting on the Gender Equal Pay Gap, available to Group management to support awareness of the issue and facilitate mitigation actions. In 2023, the efforts and policies implemented by the Group in all geographies to recognise equal pay for

equal work have made it possible to eliminate the gap for certain qualifications in certain geographic areas and contain the gender equal pay gap within the overall average value of 5%. In particular, at executive levels the gap is contained at around 2%, close to the target of zeroing the gap.

**The gap is broken down as follows<sup>5</sup>:**

	EMEA	North America	LATAM	APAC	Total
<b>Executive</b>	-1%	-3%	3%	12%	<b>2%</b>
<b>Other Managers</b>	3%	5%	5%	15%	<b>5%</b>
<b>Other employees</b>	4%	2%	6%	9%	<b>5%</b>
<b>Total</b>	<b>4%</b>	<b>3%</b>	<b>5%</b>	<b>10%</b>	<b>5%</b>

<sup>5</sup> - The negative values in the table indicate higher average wages of female employees than the average wages of male employees at the same level in the same geographical area.

### **3. Pay for Sustainable Performance**

#### **MBO Plan 2023**

The results achieved in 2023 for the Group were outstanding.

- Record Adjusted EBITDA at 1,628€M, above the top of the original guidance communicated in March 2023 (1,500 €M) and around mid-point of the revised guidance communicated in July 2023.
- Record Free Cash Flow at 724 €M, well above the top of the revised guidance communicated in July 2023 (650 €M).
- ROCE above 23%
- 34% increase of Basic EPS compared to previous year.
- Ratio of Net Debt to Adj. Ebitda below 1.0x.
- Yearly Total Shareholder Return equal to 20%.
- First time award of Investment Grade credit rating (BBB-) by Standard & Poor's.

There was also progress in the ESG area resulting in the achievement of all targets included in the ESG scorecard.

The level of achievement in Management's MBO schemes was intermediate between target and maximum levels. It is reminded that the targets for the Top Management were upwardly revised in July, in line with the revised guidance communicated to the market.

50% of the amount accrued under the 2023 MBO Plan to the CEO and other MSRs will be deferred at the end of the vesting period related to the LTI 2023-2025 Plan and paid out in the form of Company shares. Details are provided in Section II.

The Chief Executive Officer's objectives are represented in the scheme below (MBO 2023 scorecard), which shows:

- the expected performance levels (target, maximum) indicated in the Remuneration Policy approved by the Shareholders' Meeting on 19 April 2023;
- the expected performance levels (target, maximum) revised and communicated to the market on 27 July 2023 by means of a press release, applicable to the CEO and Top Management. In fact, based on the proposal of the Remunerations and Nominations Committee, in line with the revised 2023 guidance, the Board updated upwards the access condition threshold and the objectives of Adjusted Group EBITDA, Net Financial Position and ROCE assigned to the CEO and Top Management under the 2023 annual incentive plan (MBO);
- the performance achieved corresponds to a score of 128, intermediate between target (100%) and maximum (150%).**

## ACCESS CONDITION

		Expected performance level, Remuneration Policy 2023	Expected performance level, following the July 2023 review <sup>6</sup>	Result
<b>Adjusted Group EBITDA €M</b>	Threshold	1,320	1,500	<b>1,628 ON</b>
	Target	1,400	1,575	

## PERFORMANCE CONDITIONS

GOALS	Weight %	Expected performance level, Remuneration Policy 2023		Expected performance level, following the July 2023 review <sup>6</sup>		Result
		Target	Maximum	Target	Maximum	
<b>1_Adjusted Group EBITDA €M</b>	35%	1,400	1,500	1,575	1,675	1,628
<b>2_Group Net Financial Position €M*</b>	25%	1,216	1,016	1,116	1,016	1,093
<b>3_Group ROCE</b>	20%	17.6%	20.2%	20.5%	22.7%	23.1%
<b>4_Group ESG</b>	20%	20 points	30 points	20 points	30 points	25.8 points
<b>Total</b>	100%	100 points	150 points	100 points	150 points	128.0 points

\* With reference to the **Group's Net Financial Position**, based on the Plan Rules, the result was adjusted to take into account:

1. extraordinary and unforeseen effects equal to €80 million resulting from the application of the IFRS16 accounting standard (with no monetary impact), due exclusively to the extension of the leasing contract of the ship Normand Pacific;
2. higher dividends paid out of €16 million based on the resolution of the Shareholders' Meeting of 19 April 2023 compared to budget assumptions.

The total adjustment to the Group's Net Financial Position therefore amounts to €96 million.

6 - Please refer to 27 July 2023 Press Release

[www.prysmian.com/sites/default/files/atoms/files/pr-pg-1h-27-07-23-eng.pdf](http://www.prysmian.com/sites/default/files/atoms/files/pr-pg-1h-27-07-23-eng.pdf)

## ESG GOAL (Result achieved at Group level)

2023 MBO ESG result at Group level				Result	Points
ESG KPIs	Weight %	Target	Maximum		
<b>Safety Assessment Plan</b>	33%	2.5	3.75	3.4	45.3
<b>% women hired - Desk Workers</b>	33%	46%	49%	46.03%	33.5
<b>% of recycled content (PE Jackets &amp; Copper)</b>	33%	11,6%	12,2%	12.8%	50

## Long-term incentive plans (GROW 2023-2025, RES 2023-2026)

Our long-term incentive plans were launched in 2023 following the Annual General Meeting of Shareholders on 19 April 2023. They provide for a multi-year grant frequency, so we are not

expected to start a new long-term incentive plan in 2024.

For a description of the Plans, please refer to the relevant chapters.

## CEO Pay Ratio<sup>7</sup>

The 2023 ratio of the Total Cash (fixed and actual short-term variable remuneration) of the CEO compared to the average remuneration of our employees worldwide is 54:1. When we consider also the long-term variable remuneration (Total Remuneration), the ratio is equal to 60:1.

Pay Ratio	Fixed remuneration	Total Cash (fixed + annual variable remuneration)	Total Remuneration (fixed + annual variable + long-term variable remuneration)
CEO	€ 1,100,000	€ 2,040,353	€ 2,285,886
Average employees	€ 34,664	€ 37,947	€ 38,341
Ratio 2023	32:1	54:1	60:1
Ratio 2022	33:1	45:1	89:1

With reference to the Total Cash (fixed and actual short-term variable remuneration), it shall be reminded that in 2022 the CEO voluntarily renounced to the annual cash bonus payment.

With reference to the Total Remuneration, inclusive of long-term variable pay, the decrease shown in 2023 compared to 2022 is due to the

lower value of long-term incentives. This was determined by the effects of the planned exit of the CEO, as better described in Section II of the present document, and by the effects of the application of the IFRS accounting principles and the specific structure of Prysmian LTI Plan.

<sup>7</sup> -The calculation of average full-time equivalent remuneration includes employees of Prysmian S.p.A. and its direct or indirect subsidiaries with permanent employment contracts. To determine the average remuneration, we included gross annual remuneration at 31 December 2023 and variable components (production bonuses, MBO plans and LTI) relating to the relevant year according to best estimates where figures were not available, excluding non-recurring items and social security charges. The average data, expressed in Euros, reflect a wide variation of remuneration related to the different geographies and economies in which the company operates and the volatility of exchange rates.

## 4. Remuneration Policy 2024-2025 Executive Summary

The Remunerations and Nominations Committee is composed of three Directors, non-executive, the majority of whom are independent pursuant to the Corporate Governance Code and is chaired by an independent Director. The composition of the Committee will be defined following the appointment of the Board of Directors by the Shareholders' Meeting in 2024.

The Remuneration Policy applies to members of the Board of Directors and Board of Statutory Auditors and to Managers with Strategic Responsibilities (MSR) of Prysmian.

As of 1 January 2024, following the reorganisation of the Group, the Board has identified four MSRs, in addition to the Executive Directors, in the roles of:

- Executive Vice President Transmission
- Executive Vice President Power Grid
- Executive Vice President Electrification
- Executive Vice President Digital Solutions

The main remuneration elements offered to the recipients of the 2024-2025 Remuneration Policy are summarised in the following summary tables.

### Chairman, non-Executive Directors and Statutory Auditors

Role	Annual fees
Chairman of the Board of Directors	250,000€*
Non-Executive Director	65,000 €
Chairman of Board Committee	40,000€**
Member of Board Committee	35,000€
Chairman of the Board of Statutory Auditors	75,000€
Statutory Auditor	50,000 €

\* 185,000€ as Chairman of the Board in addition to 65,000€ as non-Executive Director.

\*\* include the fees as member of the same Committee.

The Shareholders' Meeting is called upon to vote, inter alia, on the remuneration of the Board. The above remuneration for the members of the Board of Directors may be applied following the approval of the Shareholders' Meeting of 18 April 2024. The above remuneration for the members of the Board of Statutory Auditors is already applied following the approval of the Shareholders' Meeting of 19 April 2023.

# CEO, Executive Directors and other MSRs

Values refer to the new CEO

Element	Purpose	Main characteristics	Values
 <b>Fixed remuneration</b>	<p>It rewards the role held to ensure an adequate and competitive fixed remuneration.</p>	<p>It is defined in line with the <b>complexity and responsibilities of the role</b></p> <p>It is set based on <b>internal equity</b>, to guarantee a proper amount with respect to comparable positions and the external market, to support an appropriate level of <b>competitiveness</b></p> <p>It takes into account the <b>individual performance</b> monitored over a long-term period</p>	<b>CEO:</b> 1,100,000€ <b>CFO:</b> 630,000€ <b>MSRs:</b> defined on the basis of the role
 <b>Short-term variable remuneration (MBO Plan)</b>	<p>It rewards the annual performance on the basis of objective and measurable indicators.</p>	<p>It is linked to <b>pre-set annual performance objectives</b></p> <p><b>2024 MBO main key performance indicators:</b></p> <ul style="list-style-type: none"> <li>· Income - Adjusted EBITDA</li> <li>· Financial - Net Financial Position</li> <li>· Managerial - Return on Invested Capital (ROCE) or Fixed Costs</li> <li>· ESG - Safety in the workplace, use of recycled material in production activities, gender diversity</li> </ul> <p><b>Incentive Cap</b> - envisaged for all participants</p> <p><b>Deferral</b> - 50% of the vested amount is deferred and paid as Deferred Shares and Matching Shares as part of the 2023-2025 GROW Plan</p>	<b>CEO:</b> 80-120% of fixed remuneration (target-maximum) <b>Executive Directors/ MSRs:</b> 50-75% of fixed remuneration (target-maximum)
 <b>Long-term variable remuneration (2023-2025 GROW Plan)</b>	<p>It rewards the medium term performance on the basis of 3-year objectives.</p> <p>It fosters the alignment of interests towards sustainable value creation in the mid to long-term, reinforcing the retention of key personnel.</p>	<p>The LTI Plan consists of two components:</p> <p><b>1. Performance Shares</b></p> <p><b>2. Deferred Shares</b> combined with <b>Matching Shares</b></p> <p><b>Maximum number of shares to be allocated</b> - the maximum number of shares that can be allocated for each participant and to the entire Plan is established</p> <p><b>1. Performance Shares</b>            Free shares granted subject to achieving performance conditions  <b>Vesting</b> – 3 years (2023-2025)</p> <p><b>Performance conditions</b></p> <ul style="list-style-type: none"> <li>· Cumulative Adjusted EBITDA (20%)</li> <li>· Cumulative Free Cash Flow (20%)</li> <li>· Average ROCE (20%)</li> <li>· Prysmian's relative Total Shareholder Return (rTSR) compared to a peer group (20%)</li> <li>· ESG, as measured by a specific scorecard (20%)</li> </ul> <p><b>Lock-up</b> - 2-year period for a portion of the shares granted as <b>Performance Shares</b></p> <p><b>2. Deferred Shares and Matching Shares</b></p> <p><b>2.1 Deferred Shares</b>            Free and deferred allocation in shares of <b>50%</b> of the amount accrued under the <b>2023, 2024 and 2025 MBO Plans</b></p> <p><b>2.2 Matching Shares</b>            Awarding, for each Deferred Share granted, of an additional 0.5 free share; for CEO and Top Management, the Matching Share component is subject to the fulfilment of the ESG performance</p>	<b>Performance shares</b> <ul style="list-style-type: none"> <li>· <b>CEO:</b> 300%-450% of fixed remuneration over 3 years (target-maximum)</li> <li>· <b>Executive Directors/ MSRs:</b> 200-300% of fixed pay over 3 years (target-maximum)</li> </ul> <p><b>Deferred shares</b>  <ul style="list-style-type: none"> <li>· <b>CEO/Executive Directors/ MSRs:</b> 50% of the deferred incentive, paid out in shares</li> </ul> </p>

Element	Purpose	Main characteristics	Values
	<b>Long-term variable remuneration for the Transmission segment - previously Projects division</b>  (2023- 2026 RES Plan, Renewable Stability Program for the Core Transmission Execution)	Supports the risk management in the execution of the segment portfolio by strengthening the retention of key personnel  The RES Plan is a cash plan intended for a maximum of 20 key personnel within the Transmission segment, formerly Projects division.  It is tied to <b>predetermined four-year performance and execution goals</b> with an ON-OFF threshold of cumulative Segment Adjusted EBITDA.  <b>Key performance indicators:</b> <ul style="list-style-type: none"><li>· Take over by the customer of the projects</li><li>· Realisation of manufacturing investments,</li><li>· New product pipeline development</li><li>· EBITDA % of Sales</li></ul>	<b>MSRs:</b> max 37.5% fixed remuneration per year  No Executive Director participates in the Plan
	<b>End of service or severance indemnity</b>	It supports the recruitment and retention of key personnel  Severance for the end of the office term or termination of employment relationship under specific individual agreements.  Amount not higher than 24 months' fixed remuneration, in compliance with local laws and contracts.  Starting from 2024 agreements, the sum of the severance indemnity and the Non-competition Agreement cannot exceed 24 months of fixed and actual short-term variable remuneration in any case, through the application of a specific clause.	<b>CEO:</b> 24 months' fixed remuneration  <b>Executive Directors/MSRs:</b> if envisaged, max 24 months' fixed remuneration
	<b>Non-Competition agreements</b>	They protect the company's interests following the exit of key personnel  Specific individual agreements in relation to the duration and extent of the limitation.	<b>CEO:</b> 3 years; 40% of fixed remuneration per year of duration of the agreement  <b>Executive Directors/MSRs:</b> if envisaged, with variable duration based on the regulatory framework and with maximum remuneration equal to a percentage of fixed remuneration per year of validity of the agreement
	<b>Benefits</b>	They supplement social security and contractual benefits in a total reward perspective  Social security and insurance coverage; company car	
	<b>Share Ownership Guidelines</b>	They contribute to the alignment of interests between key personnel and shareholders in the long term  Requirement to meet a minimum holding of Prysmian shares throughout the entire term of office.	<b>CEO:</b> 3x the fixed remuneration  <b>Executive Directors/ MSRs:</b> 1.5x the fixed remuneration

The values shown in the table with respect to the CEO refer to the role of the CEO for the term of office starting from the Shareholders' Meeting approving the financial statements as of 31 December 2023 and the related newly remuneration package by Policy.

It should be noted that, with respect to the LTI GROW 2023-25 plan, the grant to Massimo Battaini, the new CEO, occurred in 2023 and was calculated based on his fixed remuneration as COO at grant date (€950,000).

More specifically, the approach followed was: (a) 1/3 of Performance Shares at target equal to 67% - as COO - of fixed remuneration; and (b) 2/3 of Performance Shares at target equal to 100% of fixed remuneration in relation to the role of CEO in 2024 and 2025.

**The short and long-term incentive systems envisage malus and claw back clauses in cases of fraud, wilful misconduct and serious and intentional violations of laws and/or regulations, of the Group's Code of Conduct or other compliance policies.**

## THE CEO'S REMUNERATION

On 26 May 2023, the Board of Directors of Prysmian designated Massimo Battaini - current Director and Group Chief Operating Officer (COO) - as the **candidate for the role of Chief Executive Officer (CEO)** of Prysmian, in line with the Group Succession Plan, having been informed by the Company's current CEO, Valerio Battista, of his unavailability to continue as CEO for the three-year term 2024-2026. Massimo Battaini has been presented as CEO candidate in the Slate that the outgoing Board presented for renewal, on which the Shareholders' Meeting of 2024 will vote, when the current CEO, Valerio Battista, will leave office.

Following the appointment of Massimo Battaini as CEO candidate, the Remunerations and Nominations Committee started the preliminary activities to define the proposal for the new CEO's remuneration. The preparatory phase, carried out with the support of independent external advisors, envisaged:

- the realisation of remuneration benchmarks to ensure the consistency with the market of the CEO's remuneration package;
- the verification of investors and proxy advisors' perspective on the composition of the package as well as on any changes

with respect to Prysmian's current policy; - further valuations, based on the context and on the application of the remuneration policy related to Prysmian's current CEO in recent years.

With reference to **external benchmarks**, the Committee analysed nine different benchmarks, carried out by three different independent advisors - Korn Ferry, Willis Towers Watson, Mercer - in order to investigate the market from multiple perspectives, always taking into account the overall comparability of the panels in terms of size (market capitalisation, number of employees, revenues/total assets).

In particular, in the initial phase of analysis, in line with the Remuneration Policy, the panel of European listed peers indicated in Prysmian's Remuneration Policy and the market for comparable top management jobs in terms of Korn Ferry "grade" in the main European companies by capitalisation were considered. Additional five panels of the industrial goods sector were then analysed, consisting of companies that were overall comparable in terms of size - capitalisation, number of employees, revenues/total assets; the companies considered were all European except for one of the panels, which included two US cable companies. In addition, two panels including only CEOs of companies listed in Italy were analysed<sup>8</sup>.

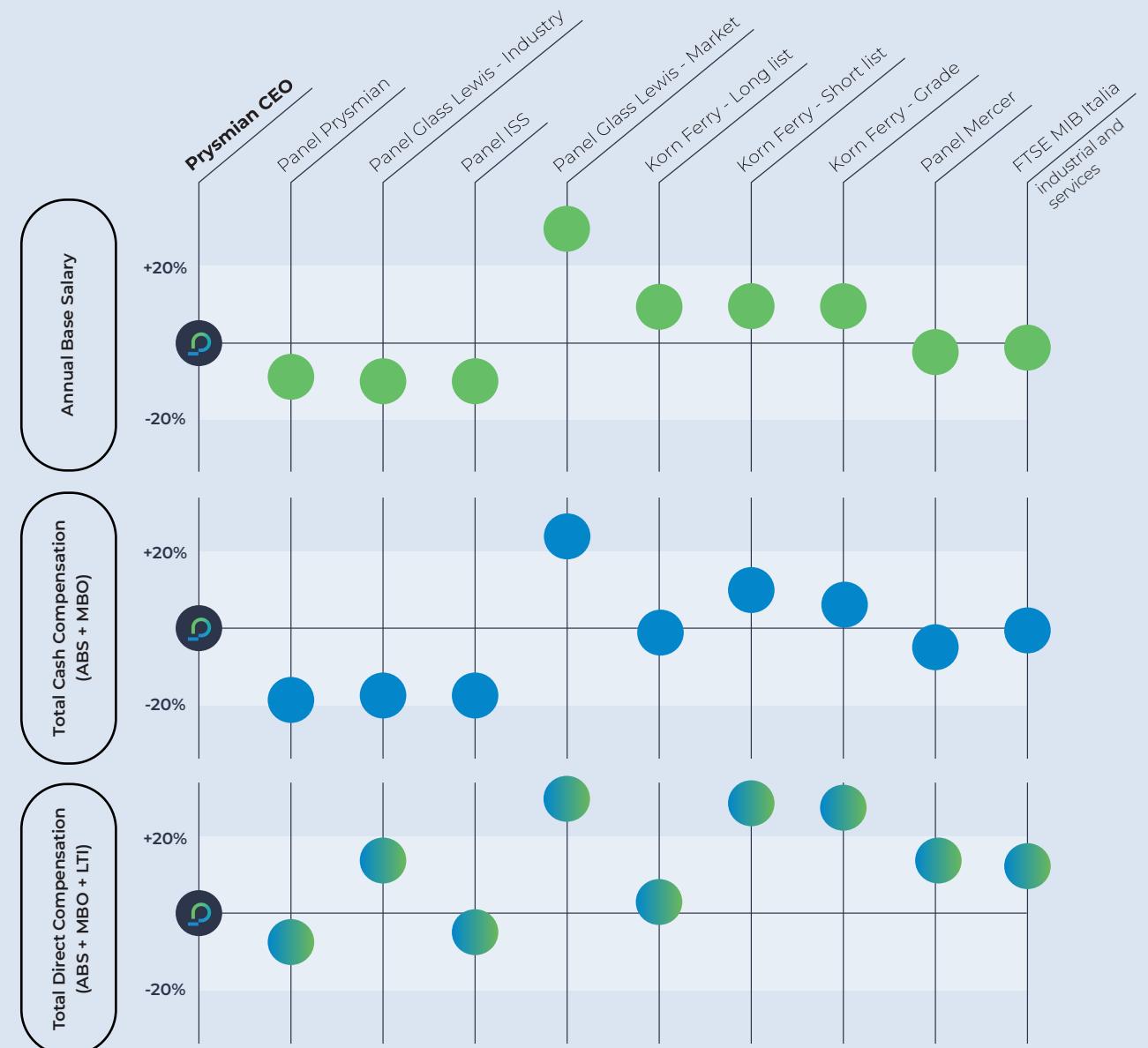
<sup>8</sup> - The panel indicated in **Prysmian Remuneration Policy** includes the following 12 companies: Assa Abloy, Dassault Aviation, Legrand, Leonardo, MTU Aero Engines, Nexans, Osram Licht, Signify, Saab, Safran, Thales, Vestas Wind Systems. The market based on comparable jobs in terms of **Korn Ferry grade** include about 60 Top Managers in listed European companies. Within these, a "short list" was selected, including the CEOs of the following 24 companies: Acciona, ALSTOM, Assa Abloy, Atlas Copco, BAE Systems, Bunzl, Eiffage, HeidelbergCement, Kion, Kone, Leonardo, Melrose, Norsk Hydro, Rexel, Rolls Royce, Sandvik, Schindler Holding, Siemens Gamesa Renewable Energy, Skanska, SKF, Smurfit Kappa Group, Stora Enso, Thales, Vestas Wind Systems. The panel Mercer proposed is composed of the following 16 companies: ABB, Alfa Laval, Alstom, Belden, CNH Industrial, Commscope, Knorr Bremse, Legrand, Leonardo, Melrose Industries, Nexans, Rheinmetall, Rolls Royce, Saipem, Sandvik, Webuild.

The benchmarks, among which those referring to European companies in the industrial goods sector were particularly important, showed a substantial convergence. In fact, the analysis shows that **the median market levels for Prysmian's Group CEO fall within the following ranges** (min and max of the median values of the 9 panels):

- **Fixed remuneration:** Eur 980,000 - 1,250,000
- **Target short-term variable remuneration** as a percentage of fixed remuneration: 80-100%
- **Target long-term variable remuneration** as a percentage of fixed remuneration (annual value): 100-180%.

The following chart summarises the results of the comparison analysis:

#### Comparison of Prysmian CEO remuneration with panel median



The **remuneration of the new CEO** approved by the Board of Directors of Prysmian based on the proposal of the Remunerations and Nominations Committee is composed as follows:

- **Fixed remuneration:** equal to EUR 1,100,000, which corresponds to the remuneration of the previous CEO, Valerio Battista, which has remained unchanged since 2015;
- **Short-term variable remuneration (up-front cash and deferred equity):** in line with the indications emerging from the benchmarks and with the pay-for-performance principle, pillar of Prysmian's Remuneration Policy, the target value of short-term variable remuneration for the new CEO is 80% of fixed Remuneration, with a maximum value of 120% (compared to 67% at target and 100% at maximum for the previous CEO). The payment, in continuity with the Group's practice, is 50% cash, with immediate payment, and for the remaining 50% is deferred in shares according to the GROW 2023-2025 plan structure, which foresees at conclusion of the vesting period the award of Matching Shares (0.5 Matching share per each Deferred Share actually awarded);
- **Long-term variable remuneration (equity):** in continuity with 2023, the Remuneration Policy for the CEO envisages that the value of the Performance Shares grant, on an annual basis, is equal to 100% of the fixed Remuneration at target and 150% in case of maximum performance, respectively 300%

and 450% if we consider the overall grant for the entire three-year vesting period. However, since the current GROW 2023-2025 Plan started in 2023, the amount of Performance Shares granted to Massimo Battaini is lower, as it was calculated as a % of the fixed Remuneration at grant date, when he was the COO, equal to EUR 950,000.

Specifically, the number of Performance Shares granted was defined according to the following approach:

- One third – in relation to 2023, as COO: grant on an annual basis equal to 67-100% (target-maximum) of the fixed remuneration 2023, equal to EUR 950,000
- Two thirds – in relation to 2024 and 2025, as CEO: grant on an annual basis equal 100-150% (target-maximum) of the fixed Remuneration 2023, equal to EUR 950,000.

The overall grant value at target for the three years (face value) is equal to 2,537,000 EUR, which is lower than the value the Policy foresees (EUR 3,300,000).

- In terms of **total direct compensation at target** (sum of fixed remuneration, Short-Term Variable Remuneration, Long-Term Variable Remuneration), the value of the new CEO's package therefore appears to be substantially in line with that of the previous CEO - with an increase of less than 1% - with reference to the package applied for the years 2024 and 2025. It is expected, in

the event of continued application of the current Policy, that the increase in total direct compensation at target is 6%.

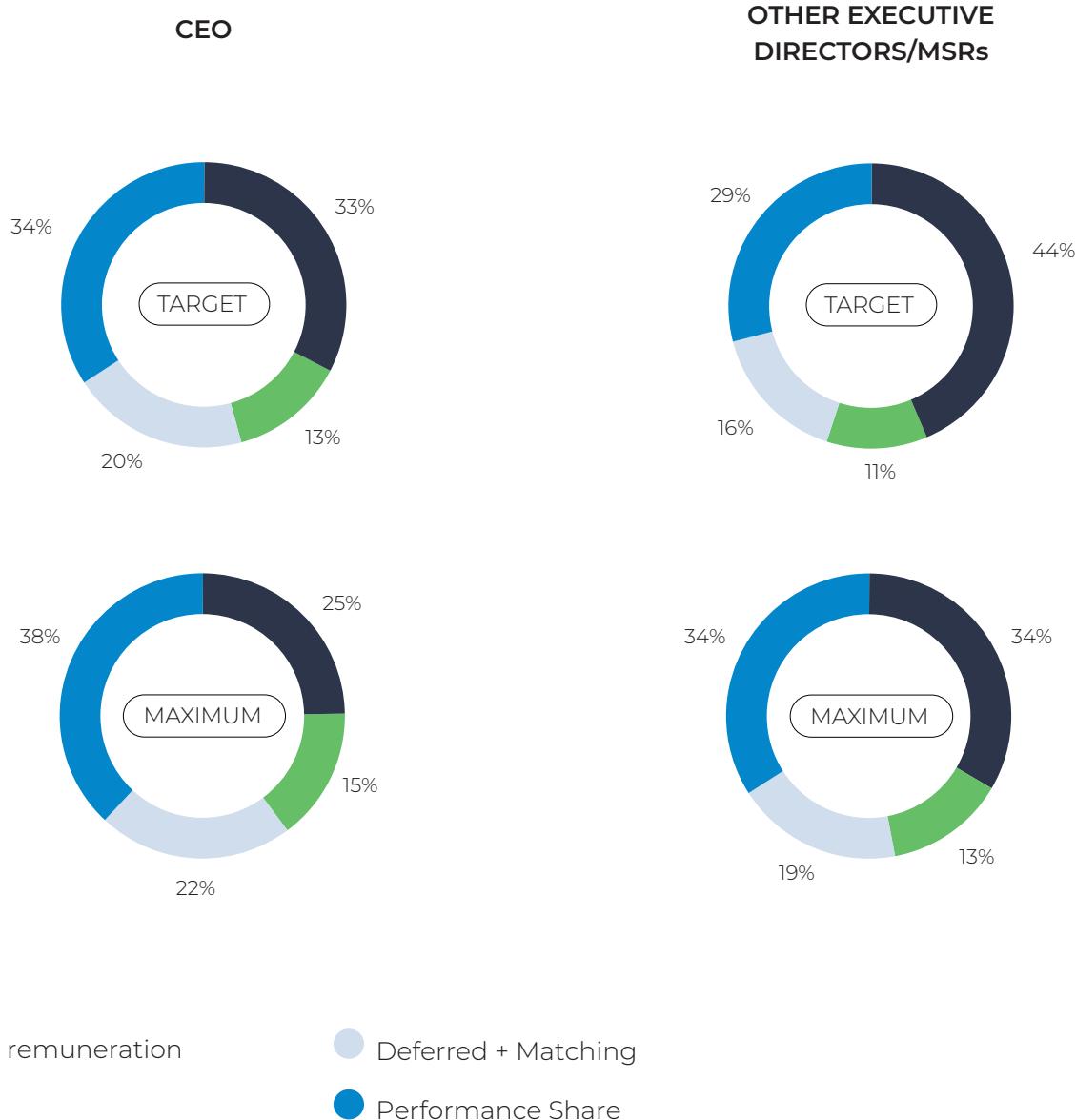
An agreement was also signed that provides, in the event of early termination of employment, a severance indemnity equal to two years' fixed remuneration. In addition, a Non-Competition Agreement was signed with a three-year duration, which provides for a compensation equal to 40% for each year the agreement is in force, which can be paid upon termination. It should be noted that, in line with the 2024 Policy, in no case may the total amount of severance and non-competition agreement exceed two years of fixed remuneration and short-term variable remuneration actually accrued, since a clause has been introduced that automatically reduces the amount of severance payment if this cap is reached.

## PAY MIX CEO / MSRs

The remuneration<sup>9</sup> of the Executive Directors and other MSRs of the Group is structured as follow:

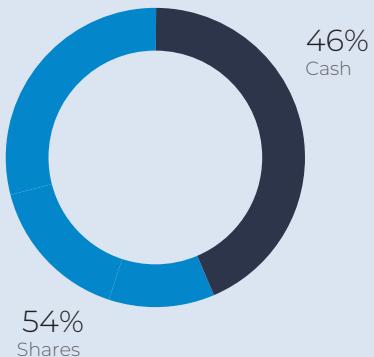
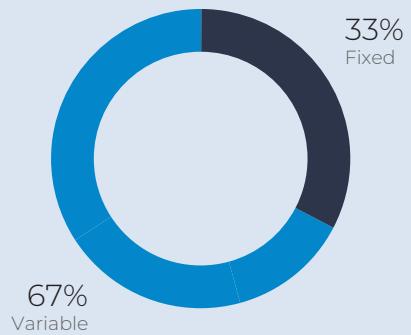
- a significant portion is linked to the achievement of predetermined results (pay for performance)

- a significant portion of the variable component is deferred over time
- variable remuneration is largely paid in shares, with a portion of the award subject to lock-up restrictions.



<sup>9</sup> - For pay-mix analyses, the Performance Share and Deferred/Matching Share components, all of them paid out in shares, are calculated based on the face value at the date of allocation of such rights. The pay-mix is calculated on an annualised basis. Any other forms of remuneration (e.g., benefits, non-competition agreements) described in Section II of this Report are not considered in the pay-mix analysis.

**Two-thirds** of the **CEO's** total remuneration at target is **variable based on performance** and **three-quarters** at maximum



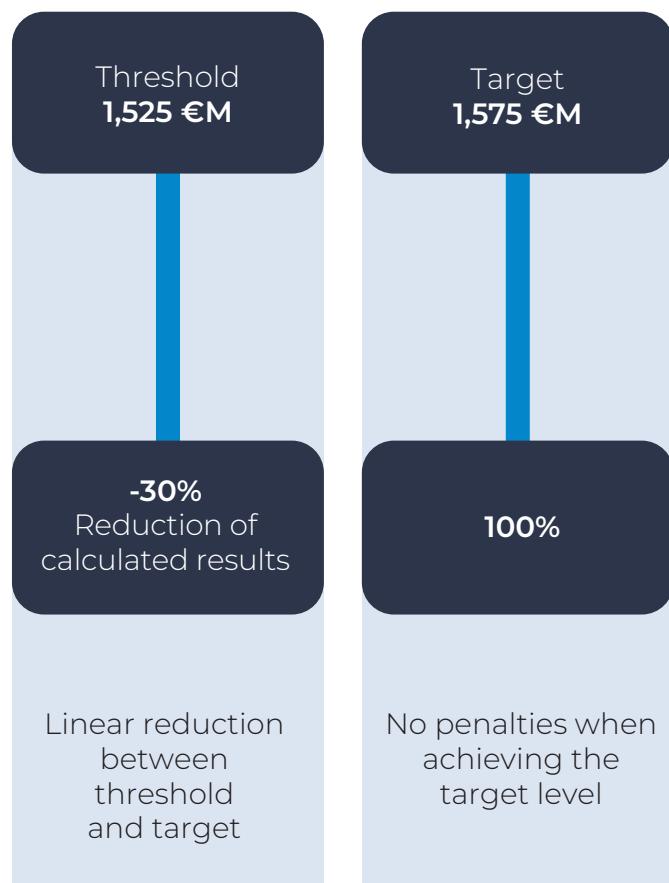
More than **50%** of the **CEO's** total remuneration is **paid in shares in the medium to long term** (3-5 years), consistent with the economic and financial sustainability of the performance achieved.

## Short-term variable remuneration

### 2024 (ex-ante disclosure)

The Group's MBO Plan, extended to approximately 2,800 managers and key personnel at global level, generally includes four types of objectives connected to income and cash generation, ROCE and/or costs/efficiencies management (or other specific objectives relating to each company function) and sustainability/ESG.

The Plan provides for an **access condition** structured in line with the 2024 guidance and applied to all participants in the incentive scheme. If at least the threshold level of the access condition is not reached, the scheme is not activated and no incentives are paid.



The objectives of the CEO are represented by the following scheme:

#### MBO 2024 Scorecard

ACCESS CONDITION	THRESHOLD	1.525 €M	
ADJUSTED GROUP EBITDA	TARGET	1.575 €M	
OBJECTIVES	Weight	target	max
1_Adjusted Group EBITDA	35-52.5	1,575 €M	1,700 €M
2_Group Net Financial Position	25-37.5	1,015 €M	850 €M
3_Group ROCE	20-30	20.7%	23.3%
4_Group ESG	20-30	ESG Scorecard	

The incentive amount is calculated as follows:

- at the **target** level (100 points): it is 80% of fixed remuneration for the CEO and 50% for the other Executive Directors and MSRs;
- at the **maximum** level (150 points): it is 120% of fixed remuneration for the CEO and 75% for the other Executive Directors and MSRs;
- **between 50 and 150 points**: results are calculated by linear interpolation;
- **over 150 points**: application of the cap (incentive paid equal to 120% for the CEO and 75% for the other Executive Directors and MSRs);
- **below 50 points**: incentive is not paid.

For the 2024 financial year, the MBO scorecard of the CFO is the same as the CEO's. For the other MSRs, the Adjusted EBITDA objective is related to the Segment and the third objective is represented by Fixed Costs, thus limiting the risk of overlap of targets between short-term and long-term incentive plans.

For the MBO 2024 Plan, the application to the accrued incentive of a multiplier/demultiplier (+/- 15%) linked to individual performance deriving from the performance management system, which in any case was already not applicable to the CEO, is no longer envisaged, thus potentially reducing the payout.

The payout of the actual amount of the 2024 MBO is subject to the terms and conditions of the GROW 2023-2025 plan, as described in the relevant paragraph.

With reference to the metrics indicated above, it is specified that the following adjustments will be applied to the MBO achievement calculation:

- **Group Adj. EBITDA**: the value will exclude M&A transactions and any change in the perimeter; Adjusted EBITDA includes MBO cost at target;
- **Group Net Financial Debt**: the value will exclude M&A transactions and any change in perimeter, any other extraordinary transaction impacting on the Group capital or debt structure (e.g. share buyback, capital increases, convertible bond buyback, issuance and buyback of convertible bonds). Moreover, non-recurring and material variations of IFRS16 debt component - whose materiality will be evaluated by the Remunerations and Nominations Committee - will be excluded. Finally, variation in the dividend distribution compared to Management Plan 2024 (0.70€) will be neutralized.

## ESG KPIs in 2024 MBO Plan

Prysmian's MBO Plan has envisaged the inclusion of ESG objectives since 2021. In continuity with 2023, also for 2024 the ESG objective will consist of a scorecard consistent with the 2030 Social Ambition and focused on three funda-

mental dimensions: safety, gender balance and environment. The latter dimension is declined in an indicator linked to circular economy and the use of recycled materials.

### ESG objective and Group targets

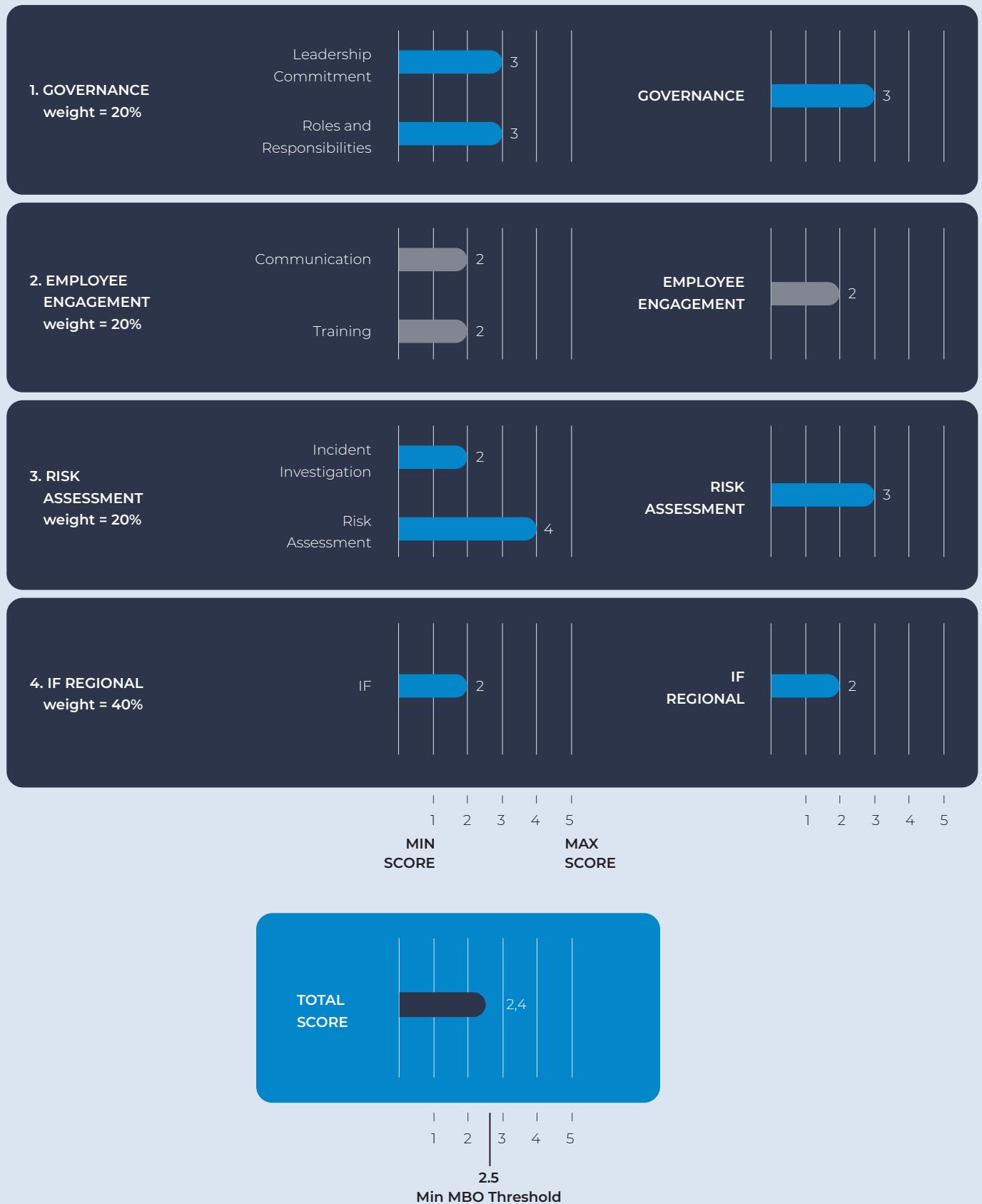
	KPI	Weight	Target	Max
SAFETY	Safety Assessment plan	33%	2.5	3.75
GENDER BALANCE	% of women hired - Desk Workers	33%	47%	49%
ENVIRONMENT	% of recycled content (PE Jackets & Copper)	33%	13%	14.5%

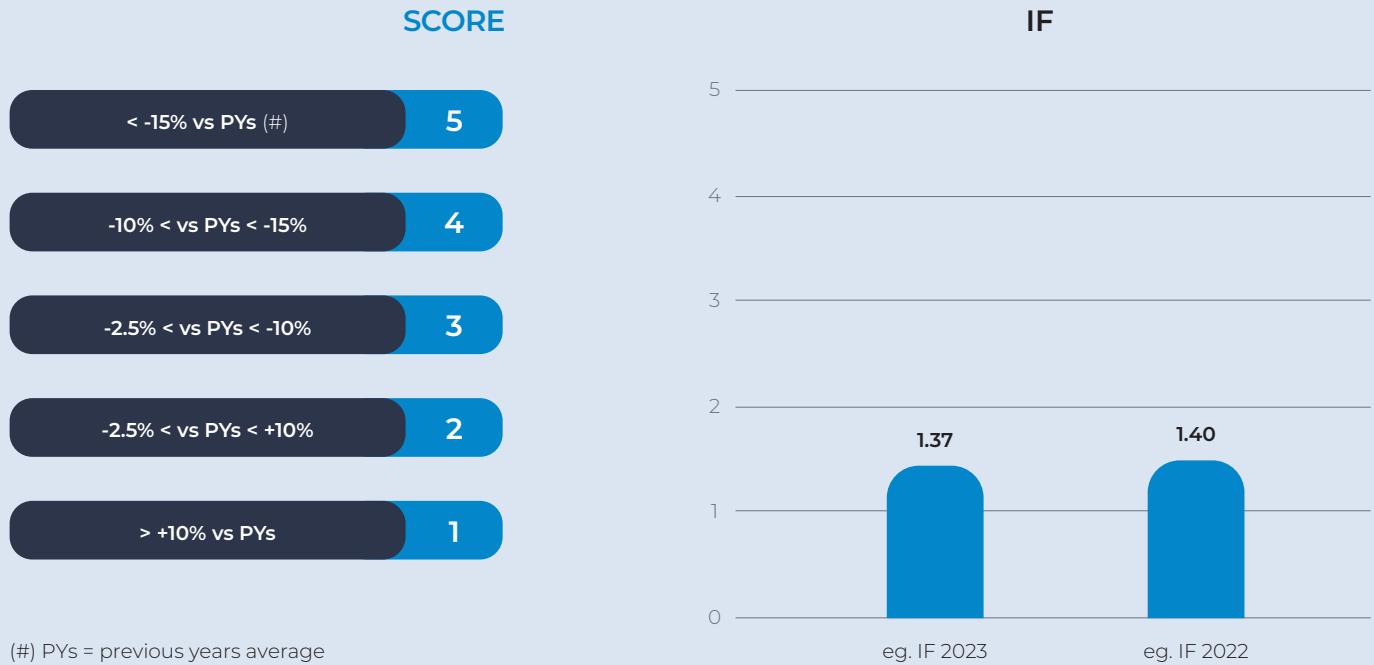
The ESG scorecard represented is cascaded at Group and Region level.

**In the event of a fatal accident during the performance period, the bonus linked to the ESG measures is zeroed out, regardless of the performance achieved.**

The Safety Assessment plan is an objective introduced in 2023, which is based on both lagging and leading indicators and on the assessment of actual actions being carried out in the group's

108 plants. The assessment system is illustrated below, also in relation to how the frequency index is measured.





For Plant Managers and their direct reports, there is a specific scorecard that includes the safety target and a target linked to the level of

people engagement, measured through a set of questions from the annual employee survey.

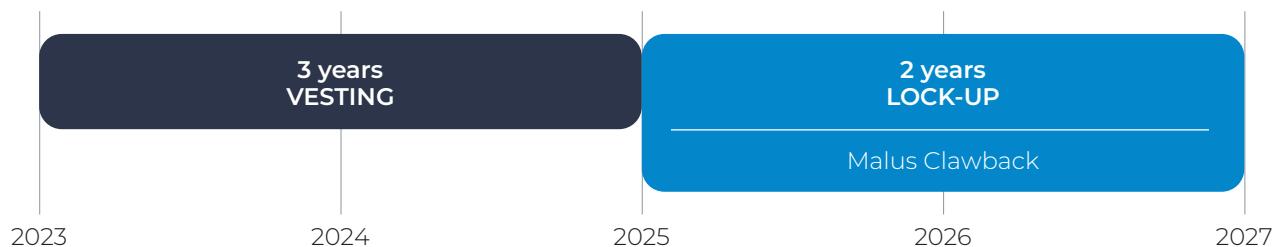
	KPI	Weight
SAFETY	Safety Assessment Plan at Region Level	50%
ENVIRONMENT	Leadership Impact Index at Region Level	50%

# Long-term incentive plan GROW

## 2023-2025 (ex-ante disclosure)

The new GROW 2023-2025 Plan, approved by the Shareholders' Meeting on 19 April 2023 with a dedicated resolution pursuant to art. 114-bis, paragraph 1 of Legislative Decree no.

58/1998, is a **key pillar** of the Remuneration policy as well as a **fundamental component of long-term engagement** of the Group's key personnel.



The **Performance Share component** of the plan is structured over a five-year period, consisting of three year vesting and two year lock-

up period of the shares awarded at the achievement of performance conditions described as follows.

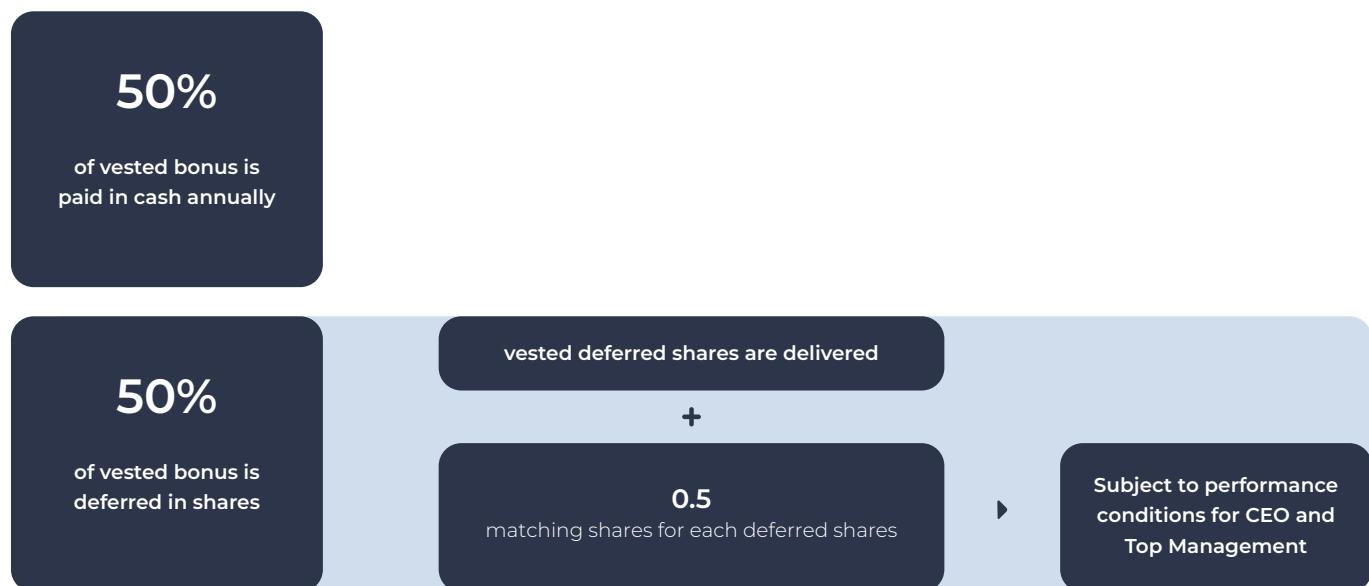
KPI	Weight	U of M	Threshold	Target	Cap/Max
Cumulated Adjusted EBITDA	20%	€M	4,100	4,250	5,000
Cumulated Free Cash Flow	20%	€M	1,300	1,400	1,800
Average ROCE	20%	%	17.0%	18.0%	21.5%
rTSR	20%	In the last 4: zero	Linear between 8 and 1 position		
ESG	20%	ESG Scorecard			
Vesting			50%	100%	150%

### FOCUS: ESG SCORECARD

	% of recycled content (PE Jackets & Copper)		% GHG emissions reduction		% of women executive		% Leadership Impact Index	
	Result	Points	Result	Points	Result	Points	Result	Points
Threshold	13.3%	50	-38%	50	21%	50	57%	50
Max	16.2%	150	-40%	150	24%	150	61%	150

The **Deferred Share** component of the plan provides for the deferred disbursement in shares of 50% of the bonus accrued in relation to the annual performance objectives (MBO, as illustrated above for the CEO). This deferral mechanism applies to all Group management, including Executive Directors and Managers with Strategic Responsibilities (MSRs). There is also a free allocation of Matching Shares, i.e.

0.5 additional shares for each Deferred Share awarded. For at least the CEO and Top Management of the company (approximately 40 managers, including Executive Directors and MSRs), **the award of Matching Shares is subject to the achievement of the target level of the ESG Scorecard performance condition for the related vesting period.**



When finalising the LTI plan, with particular reference to the economic and financial indicators, the negative or positive impact on the Group's usual activities and on the results achieved deriving from events or cir-

cumstances, including exogenous ones, of an exceptional or extraordinary nature, will be assessed by the Remunerations and Nominations Committee in determining the overall performance achieved.

**In the event of a fatality during the performance period, for the year in which such an event occurs, the Performance Shares linked to the ESG scorecard are zeroed out and their number would therefore be automatically reduced by one third, regardless of the performance achieved. In the case of fatal accidents, a double penalty is applied in both the short-term incentive and the long-term incentive.**

# **Long-term incentive Plan RES, Renewable Stability Program for the Core Transmission Execution Team 2023-2026 (ex-ante disclosure)**

The 2023-2026 RES Plan is a cash bonus that represents a fundamental pillar of long-term engagement of key people in the Projects division. It is a plan with a cost of 7,500,000 EUR, aimed at up to 20 key managers, which must foster the stability of the team dedicated to the execution of the significant backlog (6.6 bln EUR at the start date of the Plan) of the Transmission segment, formerly Projects division.

Following the reorganisation of the Group, which provided for the introduction of four Business Segments to replace the three previous Divisions, the business perimeter to which the RES Plan initially referred changed.

Consequently, the Board of Directors, at the proposal of the Remunerations and Nominations Committee, approved the amendment of the Plan Regulations and the updating of the targets of the objectives to which the RES Plan is linked, in line with the current perimeter of the Transmission Segment (formerly Projects Division) and to take into account the strategic Plan presented at the Capital Market Day, with reference to the years 2024, 2025 and 2026. In particular, the changes concerned:

- 1)** Adj. EBITDA of the Segment, on/off condition: not less than EUR 1,560 million (in-

stead of EUR 1,500 million) - Threshold value. The Plan's 100% achievement is envisaged upon reaching a level of EUR 1,616 million (instead of EUR 1,554 million) - Target value

- 2)** EBITDA/turnover (%), fourth KPI: the bonus accrued in relation to the performance indicator will be zero if the average EBITDA/turnover (%) 2025-2026 is less than 16.1% (instead of 14.5%).

The main objectives of the Plan are:

**1)** concentrate the efforts of some key resources of the Transmission Segment on the backlog, minimizing the related execution risks;

**2)** ensure the stability of some key resources of the Transmission Segment, as a condition for the realization of investments and the R&D roadmap.

KPIs	Weight
Adj. Ebitda of Transmission Segment BU: cumulated 2023-26	Access condition
1-Key project at Taking Over Certificate stage or equivalent during 2023-26	25%
2-Manufacturing investments: Successful completion by Dec. 2026 of the key milestones related to execution and production	25%
3-R&D roadmap: successful completion by Dec. 2026 of key projects for product development and qualification initiatives	25%
4-EBITDA/Sales (%) Average 2025-2026	25%

ing approving the Company's financial results for the year 2026.

**Payment of the bonus is subject to, inter alia, continued employment as well as maintenance of the position within the Transmission segment.**

#### **The Access and ON-OFF Condition** to the

Plan envisaged corresponds to a level of Adjusted EBITDA of the Segment cumulated for the years 2023, 2024, 2025, 2026 not lower than EUR 1,560 million. However, the overall result from the finalisation of the KPIs will be reduced to 80% under this assumption. On the other hand, the Plan will be implemented at 100% (maximum cap) upon reaching a cumulative Adjusted EBITDA level of the Transmission segment for the years 2023, 2024, 2025, 2026 of EUR 1,616 million. Between the cumulative EBITDA levels defined as Threshold and Target, the reduction of the result will be linear (20-0%).

The Plan also includes four management and operational KPIs, which measure the effectiveness of the execution of the project portfolio, including the development of new products, the expansion of production capacity as well as the achievement of takeovers of the most important projects in the portfolio and the marginality of the projects in the portfolio. The KPIs are independent and if not reached according to the thresholds identified for each,

Any monetary bonus accrued under the RES Plan will be paid to each Participant subject to the achievement of the Access Conditions and the full or partial achievement of the Performance Indicators set out below. **The payout is expected in 2027** at the end of the four-year performance period (1 January 2023 - 31 December 2026) and following the Shareholders' Meet-

the payout will be reduced despite reaching the ON OFF condition.

In addition to the Executive Vice President Transmission (formerly EVP Projects Division), key roles in the execution of the portfolio are involved in the Plan, such as the COO, the manufacturing manager, plant managers, system, product and installation engineering managers, and project and investment managers. No Executive Director of the Company is a recipient of the RES plan.

# SECTION I





## **I. Governance**

The Remuneration Policy is the result of a clear and structured process that, consistent with the regulatory indications and the recommendations of the Corporate Governance Code, proactively involves the following corporate bodies and functions: the General Shareholders' Meeting, the Board of Directors (hereinafter the "Board"), the Remunerations and Nominations Committee (hereinafter the "Committee") and the Human Resources and Organization Department. Said functions are also involved in any revision of the Remuneration Policy.

The Committee, based on its powers, submits proposals to the Board on the structure and content of the Remuneration Policy and — together with the entire Board — monitors the proper implementation of the Remuneration Policy with the support of the relevant corporate functions.

Once the Board of Directors has examined and approved the Remuneration Policy, it is submitted, starting in 2020 and limited to the content of Section I of this Report, to the binding vote of the Shareholders Meeting. The Shareholders' Meeting is called to express its advisory vote also on Section II in relation to the remuneration paid in the previous year.

For the purpose of the definition and revision of the Remuneration Policy, customary procedures and market remuneration levels, experience from the application of Group's Remuneration Policy in previous years, regulatory provisions and Consob indications and, in general, regulatory framework and recommendations on remuneration set forth in the Corporate Governance Code in force from time to time are constantly analysed, monitored and evaluated.

When performing its duties, the Committee ensures suitable functional and operational links with the competent corporate structures.

In order to avoid conflicts of interest and in accordance with the provisions of Recommendation 26 of the Corporate Governance Code, no Directors take part in Committee meetings where proposals relating to their own remuneration are formulated. Furthermore, for the same purpose, members of the Board of Statutory Auditors are regularly invited to attend Committee meetings.

## **1.1 REMUNERATIONS AND NOMINATIONS COMMITTEE**

The Committee, made up of three non-Executive Directors, mostly independent according to the Corporate Governance Code, is chaired by an independent director. The members of the Committee have consolidated experience as well as specific expertise in economic-financial matters. The Committee plays a key role in supporting the Board of Directors in the definition and implementation of the Remuneration Policy and in the design of short and long-term incentive plans, as well as all equity plans included in the Value4All program.

The Committee has, in fact, the role of providing advice and making proposals to the Board of Directors with reference to the definition of the remuneration of the Executive Directors and with particular offices and the Managers with Strategic Responsibilities ("MSR"), the appointment/substitution of independent Directors, as well as the size and composition of the Board.

The main responsibilities of the Committee are:

- to assess and formulate any proposals to the Board of Directors with regard to the remuneration policy for the Executive Directors and Directors with special offices, the Managers with Strategic Responsibilities, the Chief Internal Audit Officer and, in aggregated form, the wider group of managers,
- to periodically oversee the actual implementation of the proposals made and approved by the Board concerning the remuneration of Executive Directors and Directors with special functions, Managers with Strategic Responsibilities and Chief Internal Audit Officer,
- to verify the actual achievement of the performance objectives related to the incentive systems for the Executive Directors and Directors with special offices, Managers with Strategic Responsibilities and Chief Internal Audit Officer,
- to evaluate and make proposals to the Board of Directors on stock grant, stock option and employee share-ownership plans and similar plans, in order to provide incentives to and promote the retention of the management and employees;
- to carry out preliminary activities for the preparation of succession plans for Executive Directors and the Top Management, if the Board resolves to adopt them.

For a complete description of the Committee's duties regarding the nomination, reference should be made to the "Remunerations and Nominations Committee" section and to the Corporate Governance Regulation and to the Report on Corporate Governance and Ownership Structure available at [www.prysmian.com](http://www.prysmian.com).

## YEARLY COMMITTEE ACTIVITIES

JANUARY ————— Q1 MARCH

- analysis of remuneration levels for Executive Directors and MSRs and related proposals
- Remuneration Policy
- MBO closing
- MBO target setting
- long term incentive launch/monitoring
- share ownership report
- analysis & review of stock ownership plans

APRIL ————— Q2 JUNE

- presentation of the Remuneration Policy to the Shareholders' Meeting
- analysis of the shareholders' voting results
- implementation of approved incentive/equity plans

JULY ————— Q3 SEPTEMBER

- YES & BE IN plan monitoring
- supervision and update of the Group succession plan

OCTOBER ————— Q4 DECEMBER

- analysis of market best practices and proxy advisors and investors guidelines on remuneration matters
- board assessment (start)

## **1.2 RELATIONSHIP WITH SHAREHOLDERS**

In line with the details set out in the “Policy for managing the dialogue with shareholders and other interested parties”, Prysmian promotes dialogue with its shareholders in order to ensure adequate disclosure, acquire opinions and proposals, as well as, in general, maintain a suitable channel of communication on remuneration issues, also outside shareholders’ meetings.

During 2023, following the April Shareholders' Meeting, meetings were held to understand the reasons for the shareholders voting outcome and identify areas for improvement of the Remuneration Policy.

During 2023 and 2024, pre-engagement meetings were also held to gather feedback and opinions on the Remuneration Policy, which were then brought to the attention of the Board of Directors. Those meetings involved an important and relevant part of the capital, as well as the main Proxy Advisors.

More detailed information on the “Policy for managing the dialogue with shareholders and other interested parties” is available on the corporate website [www.prysmian.com](http://www.prysmian.com).

## **1.3 APPROVAL OF THE REMUNERATION POLICY AND MAIN CHANGES**

The Remuneration Policy for the two-year period 2024-2025 is substantially in continuity with the one submitted to the binding vote of the Shareholders' Meeting of 19 April 2023.

The MBO annual incentive system was defined for the roles of Executive Director and MSRs in continuity with the 2023 plan. The exclusion of the potential application of the bonus multiplier/demultiplier mechanism (+/-15%) connected with individual performance, applicable to MSRs and in any case not applicable to the CEO represents a new feature.

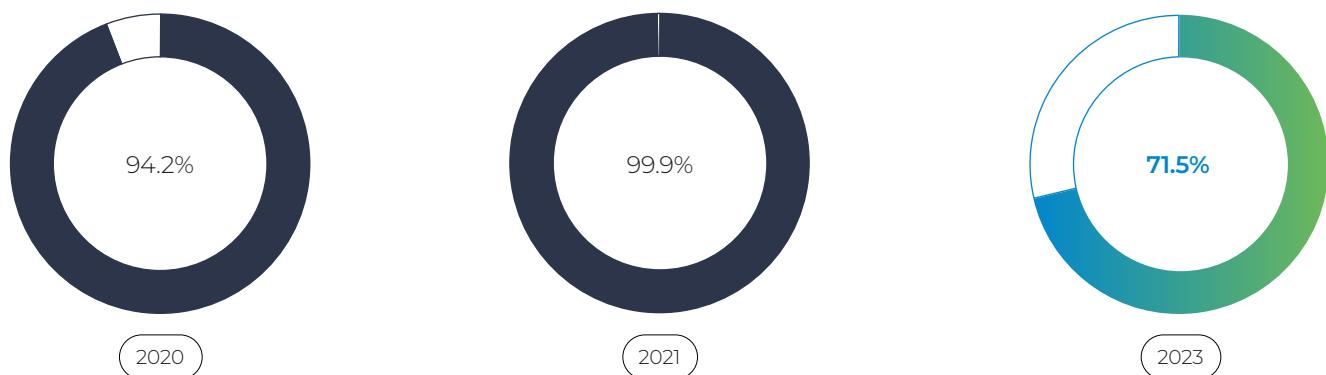
The Company's long-term incentive schemes, implemented following the Shareholders' Meeting of 2023, are characterised by a three-year (GROW Plan) and four-year (RES Plan) grant frequency; therefore, no changes have been made to the architecture and articulation of the performance conditions and the plans are implemented consistently with what was approved. It should be noted that, with reference to the RES Plan, the economic-financial performance parameters to which it is linked have been updated to consider the changes in the perimeter and the strategic plan communicated last October to the market; more details are provided in the specific paragraph. The prevalence of the share component in the determination of the Group's remuneration offer remains confirmed, aimed at supporting, from a sustainable perspective, the

creation of value in the medium-long term and the alignment of interests between the Company's management and all stakeholders.

The Company acknowledged the lower percentage of Shareholders' votes in favour at the Shareholders' Meeting compared to the percentage of votes in favour previously recorded and carried out an in-depth analysis of the underlying reasons, defining a commitment to adopt the changes indicated by investors and proxy advisors and to pursue the path of transparency already undertaken in disclosure and communication to the market.

## Remuneration Policy (Section I)

Votes FOR% (2020-2023)



Compared to the Remuneration Policy approved on 19 April 2023, the Policy for the two-year period 2024-2025 presents new features in the following aspects:

- **Remuneration of the new CEO:** a dedicated paragraph describes the remuneration of the new CEO, subject to the appointment by the Shareholders' Meeting of 18 April 2024, also in relation to the remuneration of the outgoing CEO, the decision-making process and the benchmarking analyses carried out with the support of the external advisors;
- **Remuneration of the Board of Directors:** the proposed remuneration of the new Board, subject to approval by the Shareholders' Meeting of 18 April 2024, is described, illustrating the main outcomes of the supporting benchmark analyses carried out;

— **Severance payment for termination of office or termination of employment:** it is specified that any agreements providing for the payment of indemnities in the event of early termination of employment must include specific clauses guaranteeing that the total economic payment, including indemnities for termination of office and any non-competition agreement, is in no case greater than 24 months of fixed remuneration and short-term variable remuneration actually vested in the two years prior to termination (cap), thus expressing the link between such cap and the performance actually achieved;

— **Derogations:** limitation of the elements from which the Policy may potentially waive in the presence of exceptional circumstances and in compliance with Article 123-ter, c. 3-bis of the Consolidated Law on Finance to variable remuneration components only.

The Remuneration Policy is set in the broader context of Prysmian's HR management strategy, whose commitment is focused, *inter alia*, on ambitious improvement goals in Diversity and Inclusion (D&I) and in numerous initiatives geared towards the protection, health and safety of people.

Our incentive plans are aimed at a broad population of about 2,800 people; our Value4All equity plans embrace an even broader population, potentially corresponding to the whole workforce in the countries where they are implemented.

Ensuring a safe working environment for all Group employees and providing them with an adequate level of remuneration for the duties held: this constitutes the fundamental prerequisite for determining the remuneration policy and represents a key element for the long-term commitment that the Company makes to its employees, in light of the values — DRIVE, TRUST and SIMPLICITY — that distinguish the corporate identity.

## **2. Purposes, principles and recipients of the Remuneration Policy**

The Remuneration Policy adopted by Prysmian Group aims to attract and retain talented people with the skills needed to achieve the Company's objectives and to motivate the management to pursue sustainable performance over time, in compliance with the Company's values and culture, with a tangible and verifiable link between variable pay, on the one hand, and performance, both individual and of the Group, on the other. The Remuneration Policy is inspired by the principles reported below.

### **Sharing success based on merit**

In line with investors' expectations, management remuneration is made up to a significant extent of remuneration subject to performance conditions and it is paid largely in shares. Prysmian Group's incentive systems are developed over a multi-year period consistent with the risk profile of the Group, so that the focus of the management is aimed at the Group's sustainable value creation in the long term in line with the expectations of all stakeholders. We believe the involving people in the Company success is the best way to motivate them to work at their best and therefore we promote the wide use of equity based plans.

### **Competitiveness**

The remuneration offer aims to attract and retain the key resources of the organization. In particular, remuneration levels are defined based on existing practices in the different markets where we are present, in relation to comparable roles, the competence expressed and the strength of performance over time.

### **Fairness**

Remuneration systems are not influenced by gender, age, ethnicity or cultural background. We value the diversity of our people and support inclusion, and we are firmly opposed to pay differences related to any form of discrimination.

### **Transparency**

Prysmian Group has a clear and effective governance and offers utmost transparent disclosure on remuneration to all its stakeholders.

## 2.1 RECIPIENTS

The Remuneration Policy is implemented for members of the Board of Directors, Statutory Auditors and Managers with Strategic Responsibilities of Prysmian.

In addition to Executive Directors, as of 1st January 2024, following the reorganisation of the Group, the company identified four in the positions of:

- Executive Vice President Transmission, Hakan Ozmen
- Executive Vice President Power Grid, Cinzia Farisè
- Executive Vice President Electrification, Cristiana Scelza
- Executive Vice President Digital Solutions, Lars Frederick Persson

## 3. Link with the strategy

The Company's Remuneration Policy is geared towards ensuring the alignment with the corporate strategy and ensuring a long-term sustainable development, thanks in particular to variable remuneration plans.

In application of the pay-for-performance principle, in fact, the remuneration packages of policy recipients are structured in such a way that the variable component, linked to the achievement of ex ante defined objectives, prevails over the fixed component, albeit within a balanced pay-mix.

Variable remuneration is paid mainly in shares, over a medium- to long-term time horizon (3-5 years), to guarantee the sustainability of the performance achieved. As of 2023, a four-year variable cash plan was introduced for the Transmission segment (formerly Projects division), aimed at supporting the growth and retention and stability needs of the core team.

The link with the corporate strategy in people management is reinforced by an integrated talent management system. All desk workers participate in an annual performance and potential assessment process ("P+"). The performance appraisal is linked to individual/team objectives related to business results and the values and behaviours identified in line with our leadership model. The evaluation of potential complements the evaluation of performance and makes it possible to identify resources according to their potential, for the definition of individual development and growth plans that ensure the Company's management sustainability over time.

## **The results of the "P+" process feed the pipeline of talents included in the Group's succession plan.**

Prysmian has in fact long had a Group succession plan in place for the Company's Executive Director and management positions, in line with the Corporate Governance Code's recommendations. The purpose of this plan is to

- manage the exit of Executive Directors and Top Management as smoothly as possible, containing the negative effects of any management discontinuity,
- proactively guarantee managerial continuity in Top Management positions,
- encourage generational turnover in the medium-long term.

The succession plan is constantly monitored and updated, also through the support of leading independent advisors for this activity, whose intervention is considered particularly critical and necessary for Top Management roles.

Updating the succession plan involves two preliminary steps:

- the updating of the mapping of corporate roles in scope and the identification of the most relevant top positions, in addition to those of Executive Directors and MSRs;
- the verification of criteria - in terms of leadership, experience and skills - for the identification of possible candidates for the succession of positions in scope.

When defining the succession plan, special attention is paid to gender balance/diversity related aspects. The goal, in fact, in line with Prysmian's Social Ambition, is to provide the best possible support for the talented women included in the pool. In parallel with the definition of the succession plan, Prysmian invests in the development of the future pipeline, through specific leadership development programmes for the growth and training of internal candidates, as well as job rotation and international assignments aimed at enriching experience. Women in executive jobs were only 6% in 2016 and in 2023 they represent about 19%. The goal is to go beyond 30% in 2030.

The outcomes of the succession plan update are discussed and shared with the Remunerations and Nominations Committee, which may decide to conduct individual interviews with certain managers to ensure knowledge, visibility and sharing. The succession plan is then presented to the Board of Directors.

The succession plan in place relating to the Prysmian top management positions is assessed as complete and robust

The performance of our people guides access both to managerial training courses at our Business School, defined in partnership with the best international universities, and to technical training courses aimed at ensuring the development of specific function skills.

Individual performance is linked to remuneration systems as a condition for access to fixed remuneration increase.

Individual performance and potential are among the criteria considered for the identification of participants in long-term incentive plans.

#### **4. Esperti indipendenti e riferimenti di mercato**

As part of its consultative and proactive activity, the Committee takes advantage from the services of independent experts to obtain a multiplicity of market analyses on various matters of interest. In particular, regarding the remuneration benchmarks, the independent external advisors Korn Ferry, Willis Towers Watson and Mercer have provided information on market trends, practices and remuneration levels in order to monitor the adequacy of the remuneration of the CEO, the Top Managers and the Board of Directors.

The comparison with the market plays a key role in the process of establishing the remuneration policy: the market competitiveness of remuneration is evaluated with the support of a job evaluation methodology, enabling consistent comparisons to ensure competitive alignment with the external market. For top management positions, the reference market consists of a panel of around 250 listed European companies included in the FT Europe 500 as some of the most important companies in terms of market capitalisation in Europe.

Prysmian Group has also identified a second, smaller panel of companies (peer group) overall comparable to Prysmian in terms of sizing (capitalisation, number of employees, revenue/total assets) and business sector (Electrical Components & Equipment, Heavy Electrical Equipment, Building Products, Aerospace & Defense), which is a further point of reference in defining the

remuneration policies. This peer group consists of the following companies<sup>10</sup>:

- Assa Abloy
- Dassault Aviation
- Legrand
- Leonardo
- MTU Aero Engines
- Nexans
- Osram Licht
- Signify
- Saab
- Safran
- Thales
- Vestas Wind Systems

## 5. Remuneration of the Chairperson and Non-Executive Directors

The Shareholders' Meeting establishes the remuneration to be paid to the non-Executive Directors and the Chairperson of the Board of Directors for each of the years in which they will remain in office.

With reference to the 2021-2023 term of office, the Shareholders' Meeting of 28 April 2021 set the gross annual remuneration of the entire Board of Directors at EUR 1,030,000, recognising the Board's authority to determine the allocation of said remuneration to all or only some Directors, taking into account the specific duties of each of them. Upon the proposal of the Remunerations and Nominations Committee, the Board decided to allocate this emolument according to the following criteria:

- € 130,000 to the Chairperson of the Board of Directors
- € 65,000 to each of the non-executive and independent Directors pursuant to the T.U.F.
- € 35,000 to each member of internal committees.

With reference to the annual remuneration for the three-year period 2024-2026, the Board of Directors, upon the proposal of the Remunerations and Nominations Committee, has proposed to the Shareholders' Meeting of 18 April 2024 that such annual remuneration be determined on the basis of the following criteria that take into account the role and duties that will be assigned by the Board:

- € 65,000 to each of the non-Executive Directors
- € 185,000 additional to the Chairperson of the Board of Directors

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10 - The peer group is consistent with the Remuneration Policy 2023, with the only exclusion of Siemens Gamesa, following its delisting.

- € 40,000 for each appointment as Chairperson of internal committees
- € 35,000 for each appointment as member of the internal committees.

No additional remuneration is envisaged for the office of Vice-Chairperson, which is foreseen by the Company's Bylaws.

The approval of these criteria would entail, compared to those applied in the previous mandate<sup>11</sup>:

- an increase of €55,000 in the remuneration foreseen for the Chairperson of the Board in order to favour a gradual alignment to the reference markets,
- an increase of €5,000 (+14%) in the remuneration for the role of Chairperson of the Internal Committees, to reflect, although to a limited extent, the additional commitment required for the role.

These criteria were defined after the analyses carried out and in consideration of the commitment required to perform the functions. On the occasion of the renewal of the Board of Directors, **benchmarking analyses on the remuneration of non-executive members were carried out by an independent advisor, Willis Towers Watson**, with reference to the following panels:

- Italian FTSE MIB companies, excluding banks and insurance companies<sup>12</sup>
- Panel of European companies in the industrial sector, as indicated in this Policy.

The analyses highlighted:

- with regard to the Chairperson of the Board of Directors, a positioning below the lower quartile with respect to the FTSE MIB panel and in line with the lower quartile with respect to the European panel. It should be specified that, when considering the proposed increase, overall fees are still below the lower quartile of the FTSE MIB panel (-17%) and below the median of the European panel (-7%),
- a substantial alignment to the median fees for non-Executive Directors,
- with reference to the remuneration for participation in the internal committees, the market provides for a differentiation between Chairperson and member.

<sup>11</sup> - In the event of the Shareholders' Meeting, purely by way of example, the application of these criteria to the current composition of the Board of Directors (which includes an additional independent director due to the reduction of the number of executive directors to two) and its committees would result in a gross annual compensation of EUR 1,165,000.

<sup>12</sup> - The companies in the reference panel are: A2A, Amplifon, DiaSorin, Enel, ENI, ERG, Hera, Infrastrutture Wireless Italiane, Interpump Group, Italgas, Leonardo, Moncler, Nexi, Pirelli & C., Poste Italiane, Recordati Industria Chimica e Farmaceutica, Saipem, Snam, Telecom Italia.

## **6. Remuneration of Statutory Auditors**

Pursuant to Article 2402 of the Italian Civil Code, the remuneration of the Statutory Auditors is determined by the Shareholders' Meeting at the time of appointment and for the entire term of office.

The Board of Statutory Auditors in office on the date of this Report was appointed by the Shareholders' Meeting on April 12, 2022 for a 3-year period. On that date the Shareholders' Meeting established the gross annual compensation for the Chairperson of the Board of Statutory Auditors at €75,000 and at €50,000 for each of the Standing Auditors. This compensation was evaluated to be adequate in respect of the competence, professionalism and commitment required by the importance of the role covered and the Company's other size and sector-related characteristics. The remuneration of all members of the control body is composed solely of a fixed part and is not in any way linked to the economic results achieved by the Company.

## **7. Remuneration of the Chief Executive Officer, Executive Directors, and other MSRs – pay components**

### **7.1 FIXED REMUNERATION**

Fixed remuneration levels for Executive Directors with specific offices as well as for other Managers with Strategic Responsibilities are defined according to the complexity, actual responsibilities, the experience required for the position and the reference remuneration market. The fixed component of the Top Management remuneration package is of relative importance if compared to the total remuneration package. This limited weight, yet sufficient and appropriate even in the event of no disbursement of the variable part due to failure to achieve the associated objectives, is such as to reduce excessively risk-oriented behaviours and to discourage initiatives focused solely on short-term results.

Periodically, the Committee prepares a remuneration proposal for the Top Management and submits it to the approval of the Board. This policy may entail an update to the fixed remuneration. These potential revisions take into consideration a range of factors, including competitiveness compared to market remuneration data, sustainability, internal fairness, the individual performance assessed through a global performance assessment system ("P+", as described in para. 3). The assessment criteria for the definition of the Group management Remuneration Policy include also the development potential (as described in para. 3).

With reference to the remuneration of the new CEO and the process followed to define its remuneration levels, please refer to the dedicated paragraph.

## 7.2 VARIABLE REMUNERATION

The variable component within the remuneration packages offered in Prysmian consists of two main elements:

- **Short-term incentive** (monetary component of the annual MBO Plan);
- **Long-term incentive** (share based LTI Plan), composed by **Performance Shares** and by a deferred component of the short-term incentive in the form of **Deferred Shares** with **Matching Shares**.

### 7.2.1 SHORT-TERM INCENTIVE SYSTEM (MBO PLAN)

#### Purpose

The variable annual incentive scheme (MBO Plan) is reserved for 2,800 employees holding positions of managerial responsibility and it aims to align individual performance with the organization's annual objectives, rewarding the beneficiary for the results achieved in the short-term (1 year).

The MBO Plan is reviewed each year by the Committee, which submits to the Board the objectives for the Executive Directors and the other Managers with Strategic Responsibilities, identifying the performance measures.

#### Characteristics

The MBO Plan is managed on the basis of a strict and detailed regulation and through an annual communication process that is clear and transparent to all participants. Each participant is assigned a bonus opportunity (minimum and maximum) expressed as a % of their gross annual pay, linked to the achievement of the performance objectives. The incentive percentages are defined in relation to the strategic nature of the role, with the aim of balancing the fixed and variable remuneration according to the position held and to the impact on company results. The final balance and payment of the incentive varies depending on the level of achievement of each objective assigned up to the pre-determined maximum amount, above which no further amount is paid (cap).

Award between target and maximum vests on a linear basis.

For the 2024-2025 Policy, the mechanism linking the MBO Plan and individual performance assessment ('P+') is no longer envisaged. It used to work through a multiplier/de-multiplier fac-

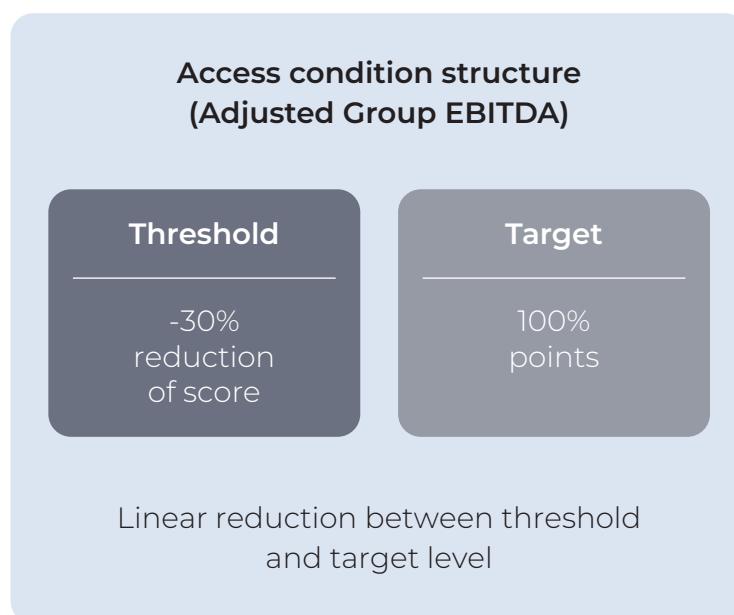
tor (+/- 15%) that could affect the value of the final incentive. In any case, this multiplier/de-multiplier was not applicable to the Group Chief Executive Officer.

## Performance conditions

The MBO Plan is aimed at ensuring the management's focus on achieving the Group value drivers and envisages:

— **access condition**, represented by the Adjusted Group EBITDA. This access condition has a threshold and a target level. Upon achievement of the target level, the MBO Plan is activated without penalties and the incentive vests according to the overall score obtained within the individual scorecard (minimum 50, maximum 150 points). Upon achievement of threshold level, instead, the overall performance score obtained and, as a consequence, the incentive payout, is reduced by 30%. Intermediate results between the threshold and target level of such access condition will determine a proportional reduction (between -30% and 0%) of the overall score based on the objectives in the individual scorecard.

This reduction applies to the overall achievement level for the CEO and the positions directly reporting to him, including Executive Directors and the other Managers with Strategic Responsibilities. For all other participants, instead, subject to the same access condition, this mechanism applies only to the Adjusted EBITDA objective in their respective individual scorecard (this objective is declined at geography/business level according to individual responsibilities). In case of missed achievement of the access condition at least at threshold level, no incentive is paid;



- **economic-financial objectives** with different weight and independent, assigned to the entire management of the Group in line with the business or geographical area to which they belong; for corporate functions, these objectives are measured at Group level. In selecting the objectives, efforts are made to differentiate the targets as much as possible between short-term incentives and the GROW plan, limiting the overlap;
- **function or business objectives**, typically of an economic-financial or of operating efficiency nature;
- **ESG objective** assigned to all the Group's management at every level. In the event of tragic fatal events during the work of employees or contractors, the entire final balance of ESG targets will be considered zero for all participants.

With reference to the financial year 2024, the economic/financial objectives have a relative weight for determining the bonus of 60%, the function/business area objectives of 20% and the ESG objective of 20%.

### **Performance – incentive link**

All the objectives envisage a target and a maximum level of achievement:

- if the target level value is not achieved, the score reached in relation to that given target will be zero;
- if the achievement ranges between the target and the maximum level, the score achieved will be calculated by linear interpolation;
- in case the maximum level is achieved/exceeded, the score will be in any case equal to the maximum value: no scores higher than maximum limit are actually provided.

For each participant, the overall score that may be achieved – in case of achievement of each objective at target level - is 100 points: at such level the payment of the target incentive percentage is envisaged, whilst the maximum score that may be achieved – in case of achievement of each objective at maximum level - is 150 points, with a corresponding pay-out of the maximum incentive (cap).

If the overall final score obtained is less than 50 points, the incentive paid will be zero.

Should the overall final score obtained be between 50 and 150, the final incentive value will be calculated through a linear proportion. Considering the existence of an access condition, the threshold of 50 points has been considered consistent in terms of ensuring the achievement of performance level that is at least satisfactory.

The payment of the annual incentive takes place on a proportional basis depending on how many months the person has been within the Group during the performance period: a minimum working period of nine months in the year is required to receive the proportional amount of the incentive.

The incentive is paid in the year following that in which it vests in relation to the performance achieved, generally in May, after the approval of the consolidated financial statements.

The MBO Plan includes Clawback and Malus clauses, lasting 3 years, both for cases in which incentives have been granted on the basis of data that have subsequently proved manifestly incorrect or there have been intentional changes to the same data, or in the event of serious and malicious violations of laws and / or regulations, the Group Code of Conduct or other compliance policies, without prejudice to any action permitted by law to protect the Company.

### **7.2.2 LONG-TERM INCENTIVE SYSTEM (LTI PLAN)**

The long-term incentive plan LTI GROW 2023-2025 approved by the Shareholders' Meeting of 19 April 2023, represents a pillar of the remuneration policy as well as a fundamental component of long-term engagement of the Group's key people, identified in about **1,100** employees globally.

#### **Purpose**

The main goals of the LTI Plan are:

- motivating participants to achieve long-term results oriented towards creating sustainable value over time
- aligning the interests of management and shareholders through the use of share-based incentives
- promoting stable participation of the management in the Company's share capital
- ensuring the long-term sustainability of the Group's annual performance by paying the portion of the annual incentive in Deferred Shares
- strengthening the engagement and retention of participants also through the Matching Share mechanism.

## **Characteristics**

The plan is based on the free allocation of shares and consists of the following components:

- **Performance Share:** a component consisting of the allocation of a predetermined number of shares in relation to the level of achievement of performance conditions over a 3-year term and subject to continuity of the employment relationship.
- **Deferred Share:** a component consisting of deferred payout through the free allocation of shares, subject to the continuity of the employment relationship during the vesting period, of 50% of the annual incentive accrued as part of MBO Plans 2023, 2024 and 2025. The accrual of the incentive requires the achievement of specific economic, financial, operational and sustainability performance objectives defined in advance each year.
- **Matching Share:** a component consisting of the free allocation of an additional 0.5 shares for each allocated Deferred Share. With regard at least to the CEO and Top Management (about 50 managers, including Executive Directors, the other MSRs, CEO's first reporting line and managers of key areas in second reporting line), the Matching Share component is subject to the achievement of a predetermined sustainability performance condition.

## **Performance Share**

This component provides for the free allocation of shares to participants subordinately to the achievement of performance objectives. The performance and vesting period are three years (2023-2025), with the allocation of shares expected in 2026.

The number of Performance Shares at the time of the initial allocation is defined for each Plan participant in relation to their role, contribution to results and potential, as well as their overall individual remuneration package and their positioning with respect to market levels.

## **Performance Conditions**

The actual allocation of shares is subject to the level of performance achieved in relation to the following objectives:

- Cumulative Adjusted EBITDA
- Cumulative Free Cash Flow
- Average Return On Capital Employed (ROCE)
- TSR relative to a comparison panel of 11 constituents (companies/indexes)
- Sustainability/ESG, measured through a scorecard that measures a set of indicators as described in detail below.

For each of these objectives, to which an equal weight of 20% is assigned, a threshold, target and maximum level is set, on the basis of which the level of achievement of results will be measured.

	<b>Cumulated Adjusted EBITDA 2023-2025</b> (weight 20%)	<b>Cumulated Free Cash Flow 2023-2025</b> (weight 20%)	<b>Average ROCE 2023-2025</b> (weight 20%)	<b>Relative TSR, positioning within the comparison panel</b> (weight 20%)	<b>ESG</b> (weight 20%)			
	Result	Shares allocation	Result	Shares allocation	Result	Shares allocation	Result	Shares allocation
<b>Threshold</b>	4,100 €Mln	50%	1,300 €Mln	50%	17.00%	50%	8th position	50% points
<b>Target</b>	4,250 €Mln	100%	1,400 €Mln	100%	18.00%	100%	4th position	100% points
<b>Max</b>	5,000 €Mln	150%	1,800 €Mln	150%	21.50%	150%	1° posizione	150% points

The introduction to the ROCE and the reduction of the weight of the Adjusted EBITDA compared to the previous plan responds to the need to differentiate management targets, compared to the MBO plan.

For all the above performance conditions, the achievement of intermediate results between the threshold and target levels and between the target level and the maximum level determine an allocation of shares calculated by linear interpolation. The achievement of results below that threshold entails the non-allocation of shares for the single performance condition to which this result refers.

Performance conditions operate independently of each other. The result ranges (threshold, target, maximum) are defined on the basis of the current Group perimeter, in the light of the accounting standards in force on 9 March 2023 and on the basis of assumptions and hypothesis relating to the

medium-term period in which the Plan is set. The results achieved will be finalised in the light of these assumptions and hypothesis. When evaluating the achievement, the Committee will apply the plan regulations, guaranteeing transparent and complete information to the market of the criteria adopted if the aforementioned hypothesis and assumptions undergo changes, positive or negative, due to, for example, extraordinary transactions, significant changes in exchange rates, significant impacts deriving from the application of IFSR16, events or circumstances, including exogenous, of an exceptional or extraordinary nature with a material impact on the results achieved. It should be noted that any further future impacts deriving from the "WesternLink HVDC" contract will be evaluated by the Committee and possibly neutralized for participants other than Executive Directors and/or senior executives who have had direct objective responsibility for the decisions taken in relation to the most important and/ or critical phases of the project (from its acquisition in February 2012 until the taking over by the customer in December 2019). Any such decisions will be given appropriate transparent communication to the market.

In addition, at the end of the three-year period of performance, the Committee, as part of the governance procedures concerning remuneration and in any case within the limits permitted by the regulations applicable from time to time and in accordance with the Remuneration Policy, will have the right, following the final balance based on the level of achievement of the assigned Objectives, to carry out an assessment of the general consistency between the total value of the shares to be distributed and the creation of value for shareholders, understood as value received as dividends and price appreciation during the performance period, and to propose to the Board of Directors any corrections such as reducing the total number of shares to be allocated to part or all of the Participants, always maintaining the main incentive purposes of the plan. In any case, the Committee may not propose to the Board of Directors to increase the number of shares to be allocated within the Plan.

## **FOCUS: RELATIVE TSR**

Prysmian's relative TSR is measured against the following comparison panel:

- ABB
- Indice S&P 500/cap Goods
- Atlas Copco
- NKT
- Belden
- Nexans
- Corning
- Rexel
- Indice Eurostoxx 600 Industrial Goods & Services
- Schneider Electric
- Wesco

The Eurostoxx 600 Industrial Goods & Services and S&P 500/cap Goods indices are two of the constituents of the peer group. For the purpose of measuring the TSR of these indexes the performance in the period between 31 December 2023 and 31 December 2025 will be taken as a reference (in case of close of the stock markets on these dates, reference will be taken on the opening day immediately before) As regards the measurement of the TSR for Prysmian and the companies of the peer group, the average closing price of the stock in the months of January, February, March 2023 and the average closing price of the stock in October, November and December 2025 will be taken as a reference. The calculation of the TSR also includes the amount of dividends per share, ordinary and extraordinary, paid to shareholders in the three-year period between 1 January 2023 and 31 December 2025.

The Plan regulations will define in detail the methods for measuring the TSR also in relation to, but not limited to, corporate events that may affect the peer group company such as, for example, extraordinary transactions, mergers, acquisitions, delisting, disposals and/or liquidations.

The TSR achieved by the companies constituting the peer group (considering the indexes Eurostoxx 600 Industrial Goods & Services and S&P 500/cap Goods indices like two companies), will be put in descending order, from the company with the best TSR result to the company with the worst result. If the TSR achieved by Prysmian turns out to be in eighth position, the threshold level will be considered reached. Any better positions will result in a linear calculation of the number of shares allocable in function of the objective, up to the cap.

No shares related to this performance condition will be allocated if Prysmian's relative TSR will be lower than that of the four companies in the last positions in the ranking. It should be noted that the increased level of challenge represented by the new panel was considered when

defining the relationship between payout value and ranking in respect to the peer group. The plan regulation provides for the Committee to exercise discretion in the overall assessment of the performance achieved and, if necessary, to intervene in determining the level of accrual of the shares linked to this performance condition.

## **FOCUS: ESG**

ESG performance is measured in relation to the degree of achievement of the following indicators and corresponds to the arithmetic average of the scores achieved.

% Copper & PE Recycled used		% GHG emissions reduction		% executive women		Leadership Impact Index %	
Results	Points	Results	Points	Results	Points	Results	Points
<b>Threshold</b>	13.3%	50	-38%	50	21%	50	57%
<b>Max</b>	16.2%	150	-40%	150	24%	150	61%

Results falling between the threshold and maximum levels determine a score calculated by linear interpolation. No score is awarded for results below the threshold level. The Committee may however exercise discretion in the overall assessment of the performance achieved or determine the overall score to be attributed for the ESG performance condition, considering the results achieved compared to the results set ex-ante within the threshold-maximum range.

**In the event that a fatal accident unfortunately would occur, during the performance period, for the year in which this event would occur, the Performance Shares linked to ESG targets are expected to be zeroed out, the number of which would be therefore automatically decreased by one third.**

It should be noted that, with reference to the "% reduction in GHG emissions" target, the Board of Directors, in its meeting of 27 July 2023, upon the proposal of the Remunerations and Nominations Committee and the favourable opinion of the Sustainability Committee, deemed it appropriate to update the targets of the 2023-2025 Long-Term Incentive Plan, raising the mini-

mum/maximum range from -35% / -37% to -38% / -40%, in consideration of the upward revision of the 2019 baseline and wishing to confirm its commitment to reduce CO2 emissions (Scope 1 and 2)<sup>13</sup>.

## KPIs ESG - Definitions

- **Recycled materials used in production** – Overall percentage of recycled material compared to the total copper and polyethylene used for cable jacketing
- **Emissions** – Percentage reduction of Green House Gas emissions (Scope 1 e 2) including CO2 and other emissions (CH4, N2O, HFC, SF6, PFC) expressed in CO2eq (CO2 equivalent)
- **% executive women** – Percentage of women in managerial positions Group "executives" defined as such based on the Korn Ferry Hay Group job evaluation method (grade 20 and above), certified by the same advisor
- **Leadership Impact Index** – Summary index of the percentage of Group employees who have expressed a consent level equal to or greater than 5, rated on a scale from 1 (min) to 7 (max), as observed by the Advisor in its capacity of independent third-party supervisor of the implementation for the Group of the survey among employees. The index consists of the employees' answers to 5 questions as part of a broader survey of employee opinions and is designed to measure the level of engagement

## Lock-up

A lock-up period with a duration of 2 years is envisaged, during which the participants in the Plan may not dispose of the shares potentially allocated (net of those sold to cover, where applicable, contributions and tax charges). Such restriction applies to all the shares allocated to the CEO and the Top Management, while is set at 20% for all other participants in the Plan.

The above-mentioned lock-up period was determined by the Company with a view to aligning the incentive plan with the long-term interests of the shareholders. In detail, the need to pursue a long-term objective is guaranteed by the 3-year vesting period provided for by the incentive plan and the 2-year lock-up period, which therefore set a time horizon of five years, in compliance with the provisions of the Corporate Governance Code.

## Deferred Share

Under this component of the LTI Plan, the participants receive - on a deferred basis and in shares - a 50% portion of their annual incentive as part of the MBO Plans 2023, 2024 and 2025,

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13 - Press release Results as of 30 June 2023 of 27 July 2023.

where accrued. The number of Deferred Shares the participants are entitled to receive is obtained by dividing the euro value of the incentive accrued for each year by the average closing price of the share recorded in the 90 calendar days before the Shareholders' Meeting that approves the financial statements for the years 2022 (relating to the incentive accrued for the year 2023), 2023 (relating to the incentive accrued for the year 2024) and 2024 (relating to the incentive accrued for the year 2025). The award of this component of the LTI Plan is subject to the continuation of the employment relationship until the end of the vesting period (December 31, 2025).

### **Matching Share**

This component of the LTI Plan is combined with Deferred Shares and consists in the free allocation of 0.5 additional share for every Deferred Share allocated and deriving from the deferred payout of the annual incentive. For at least the CEO and Top Management, the Matching Share component is allocated subject to reaching the ESG performance condition.

The Deferred Share and Matching Share components allow to connect a portion of the annual incentives to the creation of sustainable value over a multi-year period and to strengthen the retention lever of the participants in the medium-term.

### **Change of control**

In the event of the acquisition, during the performance period, by a party (or parties) of a shareholding in the share capital of the Company giving rise to a mandatory public offer ("change of control"), the participants will be entitled to receive the shares *pro rata temporis* according to the degree to which the performance conditions at the time of the change of control have been met.

### **Effects of the termination of employment**

The allocation of Performance Shares is subject to continuity of employment during the three-year performance measurement period. The transfer of a participant between Group companies and the change of role will not determine any change with respect to the rules and entities defined at the time of the initial assignment.

More details on the effects of the termination of employment are provided in the specific paragraph.

## **Malus and clawback**

The LTI Plan envisages malus and claw-back clauses, aimed at partially or totally annulling or recovering the shares assigned, which are activated in case of objective circumstances that lead to the restatement of the economic-financial results of Prysmian S.p.A. or any other Group company to such an extent that, if known in advance, would have had an impact on the allocation of the shares envisaged by the Plan. Such clauses also apply in case of fraud and/or wilful misconduct and could be adapted locally in various countries in order to be compliant with regulation. This is without prejudice to the possibility for the Company to provide for further contractual arrangements allowing to request the restitution, in all or part of the variable components of remuneration paid (or to withhold amounts subject to deferral), determined on the basis of data which subsequently proved to be manifestly erroneous, or of other circumstances that may be identified by the Company.

Further details concerning the LTI Plan are illustrated in the Information Document available on the Company's website [www.prysmian.com](http://www.prysmian.com).

### **7.2.3 RENEWABLE STABILITY PROGRAM FOR THE CORE TRANSMISSION EXECUTION TEAM (RES PLAN)**

The long-term incentive system - RES Plan 2023-2026, introduced in 2023, represents a novelty within the Prysmian Group's remuneration policy and a fundamental component of long-term engagement of key people within the Transmission segment (formerly Project Division), identified in approximately 20 employees globally.

The main objectives of the Plan are:

- concentrate the efforts of some key resources of the Transmission segment (formerly Project Division) on the backlog, minimizing the related risks;
- improve the stability of some key resources of the Transmission segment (formerly Project Division), as drivers of the investments and R&D roadmap.

The participant to the RES Plan are chosen from among the employees of the Transmission segment (formerly Project Division) and the cash bonus to which each of them may be entitled is set on the basis of the role held and in relation to their overall individual remuneration package, also taking into account its positioning with respect to the market. The total cost of

the plan is about EUR 7,500,000.

Any cash bonus accrued will be paid to each participant subject to the achievement of the Access Condition and the total or partial achievement of the performance Indicators indicated below. The pay-out is expected in 2027 at the end of the performance period (1 January 2023 – 31 December 2026) and following the Shareholders' Meeting that will approve the Company's financial results for 2026.

Following the reorganisation of the Group, which provided for the introduction of four Business Segments to replace the three previous Divisions, the business perimeter to which the RES Plan initially referred changed.

Consequently, the Board of Directors, upon the proposal of the Remunerations and Nominations Committee, approved the amendment of the Plan Regulations and the updating of the targets of the objectives to which the RES Plan is linked, consistent with the current perimeter of the Transmission Segment (formerly Projects Division), with reference to the years 2024, 2025, 2026 and to take into account the strategic plan presented at the Capital Market Day. Specifically, the changes concern:

- 1)** Adj. Segment Ebitda, on/off condition: not less than EUR 1,560 million (instead of EUR 1,500 million) - Threshold value. The achievement of the Plan at 100% is expected upon reaching a level of EUR 1,616 million (instead of EUR 1,554 million) - Target value
- 2)** EBITDA/Turnover (%), fourth objective: the bonus accrued in relation to the performance indicator will be zero if the average EBITDA/Turnover (%) 2025-2026 is less than 16.1% (instead of 14.5%).

The targets in this paragraph correspond to the updated values following the approved amendments.

The Access Condition will not be fulfilled if the cumulative Adjusted EBITDA of the Transmission segment (formerly Projects Division) for the years 2023, 2024, 2025, 2026 will be less than EUR 1,560 million. However, in this case, the overall result deriving from the final balance of KPIs will be reduced to 80%. The Plan will reach 100% (maximum cap) in case of achievement of cumulative Transmission segment Adjusted EBITDA for the years 2023, 2024, 2025, 2026 equal to EUR 1.616 milioni.

Between the cumulative Adj EBITDA levels defined as Threshold and Target, the reduction in the result will be linear (20-0%).

<b>Threshold</b>	1,560		80%
<b>Target</b>	1,616		100%

## Stability & Retention

The payment of the bonus is subject, inter alia, to the constancy of the employment relationship and the actual performance of the work activity and the maintenance of the position within the Transmission segment (formerly Projects division). The regulation of the Plan will establish the different effects caused by the possible termination of the Employment Relationship and the change of position, considering the cause and the time in which the termination takes place and in relation to different local legislations. In particular, participants who terminate the employment relationship as "bad leavers", including in this case voluntary resignation and dismissal for just cause, will lose all rights deriving from the Plan. The termination of the employment relationship for reasons other than those indicated above or the change of position may instead provide for the award of a portion of the bonus according to a pro rata temporis principle and without acceleration of the vesting, as well as in relation to the achievement of the performance conditions, but only after 31 December 2024.

The calculation of the bonus accrued in relation to each participant is based on the level of achievement of the following Performance Indicators:

- Key projects reaching the Taking Over Certificate stage or equivalent
- Manufacturing investment projects
- R&D Roadmap
- EBITDA/Turnover (%)

KPIs	Weight
Adj. Ebitda of Transmission segment: cumulated 2023-26	ON - OFF condition
<b>1 Key projects at Taking Over Certificate stage or equivalent during 2023-26</b>	<b>25%</b>
<b>2 Manufacturing investments: Successful completion by Dec. 2026 of the key milestones related to execution and production</b>	<b>25%</b>
<b>3 R&amp;D roadmap: successful completion by Dec. 2026 of key projects for product development and qualification initiatives</b>	<b>25%</b>
<b>4 EBITDA/Turnover (%) Average 2025-2026</b>	<b>25%</b>

The objectives and calculation mechanisms are described below within the limits of shareable and non-sensitive information for competitors and customers.

#### ***Performance indicator 1: Key projects reaching the Taking Over Certificate (“TOC”) stage or equivalent***

The indicator contains 28 key projects for which delivery is planned from 2023 to 2026.

The target will be considered achieved if at least 90% of the TOCs will take place on schedule. Any delays related to customer needs and force majeure causes will be taken into consideration for the final balance.

#### ***Performance indicator 2: Manufacturing investment projects***

This indicator considers 4 investments in manufacturing (Arco Felice, Gron, Pikkala and Brayton Point). For each investment project, which accounts for 25% of the overall performance indicator, there is a date for the start of mass production, which determines the success of the investment. The bonus accrued in relation to this performance indicator will be zero if the main milestones are not reached by December 2026 for the Arco Felice, Gron and Pikkala projects. Any delays by the owners or permits will be taken into account in the final balance.

### **Performance indicator 3: R&D Roadmap**

For the R&D Roadmap, 9 key products have been identified for the technological development of the Transmission segment (formerly Projects Division). For each of them there is a timeline that includes all the main milestones. The goal is achieved only if all products are made within the scheduled and shared timeframe. For each product, a maximum delay of 3 months on the scheduled date of finalization will be admitted.

### **Performance indicator 4: EBITDA/Turnover %**

This performance indicator is measured against the 2025-2026 average. To neutralize the impact of the metal, the metal will be considered aligned with the five-year plan for projects already awarded; for those not yet assigned, the metal will be fixed according to the Hedging of June 2022. However, the Remunerations and Nominations Committee may exercise discretion in the overall assessment of the performance achieved or determine the overall score to be attributed to this Performance Indicator in the event of significant fluctuations in the price of the metal.

The bonus accrued in relation to this Performance Indicator will be equal to zero if the average EBITDA/Turnover (%) 2025-2026 is less than 16.1% (previous target: 14.5%).

The RES Plan includes malus and claw back clauses - aimed at canceling or recovering (partially or totally) the bonus paid - which are activated in the event of objective circumstances that lead to the restatement of the economic and financial results of Prysmian S.p.A or any other Group company to a level that, if known in time, would have had an impact on the disbursement of the bonus envisaged under the Plan. The clauses also cover cases of fraud and / or wilful misconduct and may be adapted locally in the various countries to be aligned with the relevant regulations.

The performance conditions are defined based on the current Group perimeter, in the light of the accounting principles in force on 9 March 2023 and based on assumptions and hypothesis relating to the medium-term period in which the Plan develops. The results achieved will be finalized in the light of these assumptions and hypothesis. When assessing the target achievement, the Committee will apply the Plan regulations, ensuring transparent and complete information to the market of the criteria adopted if the aforementioned assumptions and hypothesis are subject to positive or negative changes, due, for example, to extraordinary transactions, significant changes in exchange rates or in the hedging of metals, significant im-

pacts deriving from the application of IFSR16 accounting standard, events or circumstances, including exogenous ones, of an exceptional or extraordinary nature with a material impact on the results achieved, as for the GROW plan. Any such decisions will be given appropriate transparent communication to the market.

### **7.3 BENEFITS**

The total reward offer of the management is integrated by the following additional benefits:

- supplementary pension plan
- supplementary medical insurance
- insurance coverage
- company car
- meal vouchers.

These benefits are adapted to local contexts, considering the characteristics of the reference market and relevant regulations. In addition to the above, there is no social security or pension coverage other than the mandatory ones, with the exception of what established by the Group international mobility policy.

## **7.4 OTHER ELEMENTS**

### **7.4.1 RETENTION/DISCRETIONARY BONUS**

No discretionary remuneration is envisaged for the CEO, the Executive Directors and the other MSRs. Monetary bonuses can be granted to the rest of the management and employees, so that to occasionally reward, through discretionary bonuses in addition to the formalised variable components of remuneration, exceptional individual contributions, key to the achievement of particularly strategic results for Prysmian, as well as retention bonuses for critical and excellent resources, with skills highly requested by the market.

### **7.4.2 SHARE OWNERSHIP GUIDELINE**

Prysmian has established a Share Ownership Guideline for the CEO, Executive Directors and other MSRs. This guideline requires the CEO to hold a number of Prysmian shares with a countervalue equal to a minimum of 3 times his fixed remuneration throughout his term of office, while for Executive Directors and MSRs the minimum share ownership requirement is 1.5 times their fixed remuneration. The above minimum shareholding requirements must be met by the individuals concerned within 3 years from their actual entry into the role.

### **7.4.3 END OF SERVICE OR TERMINATION INDEMNITY AND NON-COMPETITION AGREEMENTS**

The Remuneration Policy provides for the possibility to define agreements which foresee the payment of an indemnity in favour of Executive Directors and/or Managers with Strategic Responsibilities in the event of termination of office/ employment relationship, which are defined in coherence with the Corporate Governance Code recommendations and corporate governance best practices, in accordance with the law and local collective agreements. The value of such indemnity cannot be higher than 24 months of fixed remuneration.

Prysmian foresees the possibility to define Non-Competition Agreements with Executive Directors, other MRSs and other employees with key roles within the organization.

In conformity with case law and practice, those agreements provide for the payment of a specific percentage of the fixed remuneration, according to the duration and extent of the restriction arising from the agreement itself. Restrictions refer to the sector in which the Group operates and has a variable territory scope according to the role of the individual beneficiary.

With regard to the existing non-competition agreements with Executive Directors and MSRs,

the remuneration will only be paid upon termination of employment.

Any agreement with Executive Directors and MRSs which foresee the payment of an indemnity in the event of termination of office/employment relationship include specific clauses which guarantee that the overall payments, including the termination indemnity and the Non-Competition Agreement cannot exceed in any case 24 months of fixed remuneration and actual short-term variable remuneration accrued in the two years preceding the end of employment/office (cap).

This provision, which clarifies and specifies that the overall amount of the termination indemnity is correlated with the actual variable payments, thus establishing a link with the actual performance, applies to the agreements signed in 2024 and forward. In any case, previously, the Policy foresaw that the maximum value determined by summing up the termination indemnity and the Non-Competition Agreement payments could not exceed 24 months of total fixed and annual variable remuneration.

The agreement for the termination of the outgoing CEO, Valerio Battista, provides for an indemnity equal to 24 months' fixed remuneration to be paid in the event of (i) severance or termination from office without just cause; (ii) failure to renew the office for a contractually established period; (iii) resignation due to just cause or substantial change of the position; (iv) consensual termination from office; or (v) death, permanent working disability or a protracted state of illness for a period of more than 12 consecutive months. The indemnity will not be due in case of just cause. Moreover, the Company entered a Non-Competition Agreement with Valerio Battista which foresees a duration of three years and the payment of an amount corresponding to 40% of the fixed remuneration for each year the agreement is in force (the overall value is equal to 120% of the fixed remuneration) which will be paid at the end of office.

For the new CEO, Massimo Battaini, the agreement for the early termination provides for an indemnity equal to 24 months' fixed remuneration to be paid in the event of (i) severance or termination from office without just cause; (ii) failure to renew the office for a contractually established period; (iii) resignation due to just cause or substantial change of the position; (iv) consensual termination from office; or (v) death, permanent working disability or a protracted state of illness for a period of more than 12 consecutive months. The indemnity will not be due in case of just cause. Moreover, the Company entered a Non-Competition Agreement with Massimo Battaini which foresees a duration of three years and the payment of an amount corresponding to 40% of the fixed remuneration for each year the agreement is in force (the

overall value is equal to 120% of the fixed remuneration) which will be paid at the end of office. The overall amount of the termination indemnity and the Non-Competition Agreement cannot exceed in any case the cap of 24 months of fixed remuneration and actual short-term variable remuneration accrued in the two years preceding the end of employment/office (cap), due to the newly introduced clause which, in case the cap is achieved, automatically decrease the termination indemnity value.

With reference to the MSRs, agreements which regulate the indemnity in case of termination exist, which are defined in coherence with the remuneration policy in force of the time when these agreements were defined.

No agreement is established, for the recipients of the Policy, providing for the maintenance of non-monetary benefits in favour of subjects who have ceased their office, nor are consultancy contracts currently envisaged for a period after the termination of the relationship. This is without prejudice to the Company's ability to enter into additional contractual agreements that establish, after termination from office, the retention of non-monetary benefits or the stipulation of consulting contracts for a period following the termination of the employment relationship.

Regarding GROW LTI 2023-2025 and RES 2023-2026 Plans, the Plan regulations established the various effects of the end of the employment relationship/office, taking into account the reason and the moment in which termination occurs and in relation to the various local laws. In particular, participants who terminate the relationship as "bad leavers", including in this case also voluntary resignation and dismissal for just cause, will lose any rights deriving from the Plan. The termination of the relationship for reasons other than those indicated above, also in relation with the timing of the termination, may provide for the allocation of a portion of the shares on a pro-rata temporis basis and without acceleration of the vesting period, as well as in relation to the achievement of performance conditions, where envisaged, for the various components of the Plan. In the event of death or permanent disability, the participant or the participant's heirs retain the right to the award of the shares, recognizing full vesting of the related rights.

## **8. Remuneration of the Chief Internal Audit Officer**

During 2023, the Audit&Compliance was reorganized, with the introduction of two separated roles: the Chief Internal Audit Officer, reporting to the Board of Directors, and the Chief Compliance and Risk Officer.

Specific short-and long-term incentive plan has been envisaged for the Chief Internal Audit Officer with objectives in line with its responsibilities and independence requirements linked to the function. In particular, economic and financial objectives are not envisaged within the plans; long-term incentives may include financial KPIs, with a limited weight.

## **9. Derogations**

Prysmian, in accordance with the provisions of Article 123-ter, paragraph 3-bis of the T.U.F., in case of exceptional circumstances that could compromise the long-term interests of the Company or to ensure its capacity to operate on the market, reserves the right to temporarily derogate from the Remuneration Policy most recently approved by the shareholders, limited to the variable components of remuneration, with particular reference to the criteria used to assess the achievement of the performance targets to which the short-term and long-term incentive plans are linked and to the value of the variable component to be paid according to the level of achievement of the targets and the possible payment of bonuses aimed at supporting the attraction and retention of people considered key to the Company's success.

Exceptional circumstances — without prejudice to the possibility of identifying them in the course of implementation of the Remuneration Policy — could include but are not limited to the following:

- the occurrence of substantial changes in the organization of the business, both of an objective nature (such as extraordinary transactions, mergers, disposals, including of companies/business lines, etc.) and of a subjective nature, such as changes in the Top Management team,
- significant changes in socio-economic scenarios or, in any case, the occurrence, at country or international level, of extraordinary and unforeseeable events (such as conflicts, pandemics, etc.), concerning the Group or the sectors and/or markets in which it operates, which significantly affect the Group's results or are capable of radically changing the context of the mar-

- ket of reference both in terms of individual countries and/ or regions and globally,
- the need to attract from the market external personnel that could bring a significant contribution to the growth and development of the business,
  - the need to activate specific and selective retention plans for internal resources deemed particularly strategic, specifically indicating the functions and the reasons for such interventions, if strictly needed.

In these contexts, even with the potential advice of third-party and independent experts, the Committee, in application of the powers provided for by the Corporate Governance Regulation adopted by the Company and after assessing the circumstances, can submit to the approval of the Board any derogations, to safeguard the Company's primary objectives and respecting the rights of the participants, without prejudice to provisions of the Regulation No. 17221 of March 12, 2010 and the Procedures for Related Party Transactions adopted by the Company. The resolution passed by the Board will set the duration of the derogation and the specific elements of the Policy that are waived, without prejudice to the above.



# SECTION II





This section provides, in the first part, a representation of each of the items that compose the remuneration, including the treatments provided for in the event of termination of office / employment relationship, of the members of the Board of Directors, the Board of Statutory Auditors and the Managers with Strategic Responsibilities (MSRs) of Prysmian, highlighting its compliance with the Remuneration Policy described in Section I of the Report on the Remuneration Policy and Compensation Paid approved in 2023, which can be consulted on the Company's website in the Governance - Remuneration section, and how remuneration contributes to the Company's long-term results.

The second part of this Section shows analytically the compensation paid in 2023 for any capacity and in any form by the Company and by subsidiaries and associates, using the remuneration tables provided for in Annex 3A, Schedule No. 7-bis of the Issuers' Regulation. This includes all individuals who, during the year, held the position of member of the administrative and control body, general manager or manager with strategic responsibilities for even a fraction of the period.

The Board of Directors, appointed by the Shareholders' Meeting of 28 April 2021, remains in office for three financial years, until the approval of the financial statements at 31 December 2023. The Board of Statutory Auditors was renewed by the Shareholders' Meeting of 12 April 2022 for three financial years, until the approval of the financial statements at 31 December 2024.

## **1. Activities of the Remunerations and Nominations Committee**

During 2023, the Remuneration and Nominations Committee (the "Committee") met 14 times and all members of the Committee attended all meetings. In accordance with the provisions of Recommendation 26 of the Corporate Governance Code, no Director has participated in meetings in which proposals relating to their remuneration have been formulated.

The Chief HR & Organisation Officer of the Group participated in the meetings of the Committee as Secretary. The Board of Statutory Auditors, invited to the meetings of the Committee, was present at all the meetings held.

**The activities carried out by the Committee, with the support of the Group's Human Resources and Organisation Department, concerned in particular:**

- examination, expressing a favourable opinion on adoption, of the Prysmian Group's Remuneration Policy, which the Company has collected in the Report on remuneration policy and compensation paid, subsequently submitted to the Board and Shareholders' Meeting for approval
- review of the information relating to sustainability and collected in the Group's Non-Financial Statement, expressing a positive opinion in this regard with no remarks
- formulation of proposals to the Board regarding salary reviews for some of the MSRs
- verification of the achievement of the objectives set out in the MBO 2022 variable incentive plan and the 2020-2022 long-term incentive plan
- definition of the characteristics, structure and performance targets related to the annual (MBO 2023) and multi-year (LTI GROW Plan 2023-2025) incentive plans, including the formulation to the Board of an incentive proposal for the Projects Division (now Transmission Segment) known as the RES Plan
- analysis of the results of the Shareholders' Meeting resolution on remuneration policy
- monitoring during the year of the trend of the performance objectives envisaged in the annual variable incentive plans and the proposal of changes to the performance conditions applied to Top Management to the Board of Directors during the year in line with the upward update of the guidance
- proposal of changes to performance conditions in the ESG area (in particular, reduction of GHG emissions) to the Board of Directors during the year consistent with the recalculation of the baseline
- monitoring of the implementation of the employee share purchase plan on favourable conditions (YES Plan) and the plan for blue-collar workers (BE IN) and the related results achieved
- analysis of market best practices, together with guidelines on the remuneration of proxy advisors and investors
- assessments regarding the reorganisation of the Audit function with the creation of the two roles Chief Internal Audit Officer and Chief Compliance and Risk Officer
- update of the succession plan of the Group CEO, which included the following main steps: the choice of the external advisor, the analysis of potential internal and external candidates, and the proposal to the Board of Directors to designate Massimo Battaini as the next candidate for the role of Chief Executive Officer

- proposal regarding the remuneration of the new Chief Executive Officer, including the analysis of external benchmarks carried out by independent external advisors
- overseeing the updating of the succession plan for the Group's managerial resources, with particular attention to Top Management positions
- proposed revision of the Board Skill Matrix, which describes the skills that Prysmian's Board of Directors must reflect overall
- process for the presentation of the Slate of the outgoing Board of Directors for the renewal of the Board, whose main activities included the selection of the independent Advisor for the selection of potential candidates, constant supervision during the identification of potential candidates, conducting interviews with potential candidates and proposing the finalist candidates to the Board of Directors
- support for updating the document Description of the policies applied in relation to the composition of the Board of Directors and of the Board of Statutory Auditors, also in regard to diversity, pursuant to art.123-bis, para.2.D-bis, of the Consolidated Law on Finance (T.U.F.) and of the process for the submission of the list of the Board of Directors, which provides functional recommendations to achieve an optimal Board composition
- definition of the Group's new organisational structure
- identification of new Managers with Strategic Responsibilities following the reorganisation of the Group and the formulation of proposals regarding their remuneration
- formulation of proposals regarding the severance packages of two MSRs
- formulation of guidelines for updating the Group's Remuneration Policy for 2024
- the review of the results of the self-assessment of the Board and its committees carried out with the support of an advisor.

**During the first months of 2024, the Committee has:**

- formulated to the Board a proposal for the evaluation of the achievement of the MBO 2023 Plan
- defined the guidelines and targets for the MBO Plan 2024
- monitored the performance targets of the GROW 2023-2025 and RES 2023-2026 long-term incentive plans
- examined, expressing a favourable opinion on adoption, the Prysmian Group's Remuneration Policy, which the Company has put together in the Remuneration Report, subsequent-

- ly submitted to the Board and the Shareholders' Meeting for approval
- analysed and assessed the achievement level of the Company's Social Ambition KPIs, with particular reference to gender balance objectives within the Group
  - monitored the execution of the employee share purchase plan (YES Plan) and the plan dedicated to the blue-collars (BE IN) and the results achieved
  - supported the Board in the definition of the slate that the outgoing Board will present for the next renewal at the 2024 Shareholders' Meeting and in the preparation of the related documentation
  - participated in engagement meetings with proxies and investors
  - examined the results of the self-assessment activity of the Board and its committees carried out internally according to the rules contained in the Corporate Governance Regulations adopted by the Company.

## **2. Performance 2023 and Annual Incentive Plan MBO 2023**

With reference to the 2023 financial year, the results achieved under the Group's MBO 2023 Plan were approved by the Board of Directors on 28 February 2024 upon the favourable opinion of the Remuneration and Nominations Committee, determining, for the CEO a performance level of 128.0 points, on a scale varying between 50 points at threshold level, 100 points at target level and 150 points at maximum level, as better detailed in the summary below.

OBJECTIVES	Weight	Threshold		Target		Maximum		
		Target	Max	Target	Max	Target	Max	Results
<b>1_Adjusted Group EBITDA (€M)</b>	35	52.5	1,400	1,500	1,575	1,675	1,628	44.3
<b>2_Group Net Financial Position (€M) *</b>	25	37.5	1,216	1,016	1,116	1,016	1,093	27.9
<b>3_Group ROCE (%)</b>	20	30	17.6%	20.2%	20.5%	22.7%	23.1%	30
<b>4_Group ESG (points)</b>	20	30	Scorecard		No change		Details below	25.8
	100	150						128.0

\* With reference to the **Group's Net Financial Position**, based on the Plan Rules, the result was adjusted to take into account:

- extraordinary and unforeseen effects equal to €80 million resulting from the application of the IFRS16 accounting standard (with no monetary impact), due exclusively to the extension of the leasing contract of the ship Normand Pacific;
  - higher dividends paid out of €16 million based on the resolution of the Shareholders' Meeting of 19 April 2023 compared to budget assumptions.

The total adjustment to the Group's Net Financial Position therefore amounts to €96 million compared to budget assumptions.

13 - Refer to the press release Results as of 30 June 2023 of 27 July 2023

[www.prysmian.com/sites/www.prysmian.com/files/media/documents/investors/cs-pq-1h-27-07-23-en\\_0.pdf](http://www.prysmian.com/sites/www.prysmian.com/files/media/documents/investors/cs-pq-1h-27-07-23-en_0.pdf)

With reference to ESG scorecard, the results are listed in the table below.

Weight	Expected performance level		Result	Points
	Target	Max		
Safety Assessment Plan	33%	2.5	3.75	3.4
% women hired - Desk Workers	33%	46%	49%	46.03%
% of recycled content (PE Jackets & Copper)	33%	11.6%	12.2%	12.8%

For the COO and CFO, the performance level was 124.0 points, on a scale of 50 points at threshold level, 100 points at target level and 150 points at maximum level.

**With reference to the long-term incentive plans, the calculation of the performance conditions will be carried out and communicated at the end of the vesting period (2023-2025 for the GROW Plan, 2023-2026 for the RES Plan).**

### 3. Chairperson of the Board of Directors

**Claudio De Conto** received a total remuneration of €230,000, of which €130,000 for the office of Chairperson of the Board of Directors, €65,000 as independent Director pursuant to the T.U.F. and €35,000 as a member of the Remunerations and Nominations Committee.

## 4. CEO

### VALERIO BATTISTA

**Chief Executive Officer** of the Prysmian Group, received a total of €1,570,177, of which:

- **Fixed remuneration** of €1,100,000
- **Annual variable incentive** (MBO 2023) for €940,353. This amount was accrued on the basis of the degree of achievement of the objectives of the MBO 2023 Plan, i.e. 128 points. Consistently with the provisions of the Remuneration Policy for 2023, this amount will be paid 50% in monetary form and the remaining 50% in deferred shares at the reference price of €37.20. Consequently, in relation to the MBO 2023 Plan, Valerio Battista accrued the right to receive 12,639 Deferred Shares and 6,320 Matching Shares at the end of the vesting period of the GROW 2023-2025 Plan. In consideration of the termination from the office, as better described below, the number of Deferred Share accrued is 9,479, the number of the Matching Share granted is 4,740
- **Non-monetary benefits** of €2,758
- **Variable Long-Term Incentive** (GROW 2023-2025): Valerio Battista is included among the participants in the GROW 2023-2025 plan under which he was granted 88,710 Performance Shares corresponding to the target level of achievement of the underlying indicators. In consideration of the termination from the office, as better described below, the number of Performance Share granted (target) is 44,355.

It should be noted that, as of 4 February 2021, Valerio Battista's employment as General Manager ended due to retirement: since his employment as Chief Executive Officer continued, without interruption, Valerio Battista was only paid his ordinary severance indemnity, as well as the company benefits ordinarily provided for, since the conditions for the payment of the end-of-office indemnity provided for by the agreement signed on 3 March 2015 were not met. Moreover, as of 4 February 2021, an agreement was entered into with Valerio Battista for the early termination of the relationship, which envisages an indemnity equal to 24 months of fixed annual remuneration to be paid in the cases in which the contractual termination occurs at the Company's initiative, for consensual termination, for substantial changes in role and office or death and permanent disability.

Valerio Battista has been the holder since the same date of a Non-Competition Agreement that provides for a non-competition obligation for three years from the termination of the appointment. The compensation for assuming this obligation is equal to 40% of the base remu-

neration, multiplied by the years of the agreement (three) and will only be paid upon termination of the relationship.

Valerio Battista will step down as CEO at the 2024 Shareholders' Meeting, as announced to the market on 26 May 2023. By virtue of the existing agreement, Valerio Battista will therefore be paid an end-of-office indemnity equal to 24 months of fixed annual remuneration (€2,200,000). With reference to the long-term incentive plan, qualifying as a "good leaver", Valerio Battista retains the right to receive 50% of the Performance Shares, equal to 44,355 per target, which will be eventually assigned at the end of the three-year performance period, subject to the fulfilment of the performance conditions provided for. With reference to the Deferred Shares, Valerio Battista maintains the right to receive 75% of the Deferred Shares assigned and the relevant Matching Shares (i.e. 0.5 Matching Share for each Deferred Share assigned), subject to the achievement of the applicable performance conditions. A two-year lock-up will apply to any Performance Shares granted, net of those required to cover the tax liability.

With reference to the Non-Competition Agreement, the compensation for the assumption of this obligation may only be paid upon the termination of any office within the Group. Valerio Battista will also retain the following company benefits among the ordinary ones: company car and insurance coverage.

## 5. Executive Directors

### MASSIMO BATTAINI

**Chief Operating Officer**, received a total of €1,371,767, of which:

- **Fixed remuneration** of €950,000;
- **Annual variable incentive** (MBO 2023) for €808,559. This amount was accrued on the basis of the degree of achievement of the objectives of the MBO 2023 Plan and the evaluation linked to the P3. Consistently with the provisions of the Remuneration Policy for 2023, this amount will be paid 50% in monetary form and the remaining 50% in deferred shares at the reference price of €37.20. Consequently, in relation to the 2023 MBO Plan, Massimo Battaini accrued the right to receive 10,868 Deferred Shares and 5,434 Matching Shares at the end of the vesting period of the GROW 2023-2025 Plan;
- **Non-monetary benefits** of €17,488;

- **Long-term variable incentive** (GROW 2023-2025): Massimo Battaini is included among the participants in the GROW 2023-2025 plan, under which he was granted 68,100 Performance Shares corresponding to the target level of achievement of the underlying indicators, which will eventually be awarded at the end of the three-year performance period, subject to the fulfilment of the expected performance conditions.

In addition, Massimo Battaini is the holder of a Non-Competition Agreement that provides for a non-competition obligation for three years from the termination of the appointment. The compensation for assuming this obligation is equal to 33% of the base remuneration, multiplied by the years of the agreement (three) and will only be paid upon termination of the relationship. Subject to the appointment as CEO by the new Board of Directors approved by the Shareholders' Meeting approving the financial statements as of 31 December 2023, this Non-Competition Agreement will be replaced by the Agreement described in Section I of this Report.

#### **PIER FRANCESCO FACCHINI**

**Chief Financial Officer**, received a total of €870,522, of which:

- **Fixed remuneration** of €630,000;
- **Annual variable incentive** (MBO 2023) for €449,226. This amount was accrued on the basis of the degree of achievement of the objectives of the MBO 2023 Plan and the evaluation linked to the P3. Consistently with the provisions of the Remuneration Policy for 2023, this amount will be paid 50% in monetary form and the remaining 50% in deferred shares at the reference price of €37.20. Consequently, in relation to the 2023 MBO Plan, Pier Francesco Facchini has accrued the right to receive 6,038 Deferred Shares and 3,019 Matching Shares at the end of the vesting period of the GROW 2023-2025 Plan;
- **Non-monetary benefits** for €15,909;
- **Long-term variable incentive** (GROW 2023-2025): Pier Francesco Facchini is included among the participants in the GROW 2023-2025 plan, under which he has been assigned 33.871 Performance Shares corresponding to the target level of achievement of the underlying indicators, which will eventually be awarded at the end of the three-year performance period, subject to the fulfilment of the expected performance conditions.

With effect from 8 January 2007, Pier Francesco Facchini has been granted an indemnity for early termination of the employment relationship equal to 24 months of gross annual salary. This indemnity accrues in cases where the contract termination takes place at the initiative of the company and is not linked to performance criteria.

## 6. Non-Executive Directors

- **Paolo Amato** received a total of €100,000, of which €65,000 for the office of non-executive and independent Director pursuant to the T.U.F. and €35,000 as Chairperson of the Remunerations and Nominations Committee
- **Jaska de Bakker**, received a total of €100,000, of which €65,000 for the office of non-executive and independent Director pursuant to the T.U.F. and €35,000 as a member of the Control and Risk Committee
- **Francesco Gori** received a total of €100,000, of which €65,000 for the office of non-executive and independent Director pursuant to the T.U.F. and €35,000 as Chairperson of the Control and Risk Committee
- **Ines Kolmsee**, received a total of €100,000, of which €65,000 for the office of non-executive and independent Director pursuant to the T.U.F. and €35,000 as a member of the Sustainability Committee
- **Mimi Kung** received a total of €100,000, of which €65,000 for the office of non-executive and independent Director pursuant to the T.U.F. and €35,000 as a member of the Sustainability Committee
- **Maria Letizia Mariani** received a total of €100,000, of which €65,000 for the office of non-executive and independent Director pursuant to the T.U.F. and €35,000 as Chairperson of the Sustainability Committee
- **Tarak Mehta**, received a total of 100,000 Euro, of which €65,000 for the office of non-executive and independent Director pursuant to the T.U.F. and €35,000 as a member of the Control and Risk Committee
- **Annalisa Stupenengo** received a total of €100,000, of which €65,000 for the office of non-executive and independent Director pursuant to the T.U.F. and €35,000 as a member of the Remuneration and Nominations Committee.

## 7. Statutory Auditors

- **Stefano Sarubbi** received €75,000 for the office of Chairperson of the Board of Statutory Auditors;
- **Roberto Capone** received €50,000 for the office of Statutory Auditor;
- **Laura Gualtieri** received €50,000 for the office of Statutory Auditor.

## 8. Managers with Strategic Responsibilities (MSRs)

During 2023, three managers held roles as Managers with Strategic Responsibilities, to whom the information reported in the following and subsequent tables refer. These individuals received a total aggregated of €2,867,918, of which:

- **Fixed compensation** of €1,933,986, including €1,834,842 for employee remuneration and €99,144 for expatriation allowances; for the calculation of compensation, an exchange rate of 1.1050 EUR/USD was applied.
- **Annual variable incentive** (MBO 2023) for €977,707. This amount has been accrued on the basis of the degree of achievement of the objectives of the MBO 2023 Plan, including, where applicable, the ±15% factor linked to the evaluation of individual performance. In line with the provisions of the remuneration policy for 2023, this amount will be paid at 50% in monetary form and the remaining 50% in deferred shares at the reference price of of €37.20. Consequently, in relation to the 2023 MBO Plan, the MSRs accrued the right to receive 8,316 Deferred Shares and 4,158 Matching Shares at the end of the vesting period of the GROW 2023-2025 Plan. In one case, 100% of the annual variable incentive will be paid in monetary form, pursuant to the GROW Plan Regulations in the event of termination of employment as a 'good leaver';
- **Non-monetary benefits** of €265,580
- **Long-term variable incentive**: All MSRs are included among the participants in the GROW 2023-2025 plan, under which they have been assigned 78,036 Performance Shares corresponding to the target level of achievement of the underlying indicators. The Performance Shares are calculated pro rata temporis for MSRs that qualify as "good leavers" pursuant to the Plan rules. A two-year lock-up will apply to any Performance Shares awarded, net of those required to cover the tax liability. One of the MSRs participates to the RES 2023-26 Plan.

During 2023, two consensual termination agreements were signed with two MSRs. These agreements provide for the payment of an indemnity at the end of the term of office as well as compensation for the Non-Competition Agreement, both of which were signed consistently with the Group's current policy, totalling less than 24 months' fixed and variable annual remuneration. In one case, the retention of the housing benefit is provided for a maximum period of 18 months following the termination of the office. With reference to the long-term variable incentive (GROW 2023-2025), the allocation of Performance Shares and the application of the MBO deferral will be implemented in accordance with the Plan Regulations.

## **9. Derogations to the remuneration policy and potential application of ex-post correction mechanisms on variable remuneration (malus and clawback).**

During the financial year 2023, no exceptional circumstances arose such as to entail a waiver of the Remuneration Policy approved by the Shareholders' Meeting of 19 April 2023, nor were any ex-post correction mechanisms applied to the variable remuneration components (malus or clawback).

## 10. Comparison data

The following table shows the comparative information for the financial years 2020, 2021, 2022, and 2023 in relation to the annual change of:

- a) the total remuneration<sup>14</sup> of the Executive Directors of the Company (whose remuneration information is provided by name in this Section II of the Report)
- b) the Company's results, expressed in terms of Adj. EBITDA, Free Cash Flow (FCF) and Total Shareholder Return (TSR)
- c) the average remuneration of Group employees<sup>15</sup>.

	U o M	2020	% variation 2020 vs 2019	2021	% variation 2021 vs 2020	2022	% variation 2021 vs 2020	2023	% variation 2023 vs 2022
CEO	K €	2,453	20%	2,850	16%	3,299	15%	2,289	-31%
COO	K €	1,571	1%	2,169	38%	2,950	36%	2,142	-27%
CFO	K €	1,095	13%	1,299	19%	1,647	27%	1,263	-23%
EBITDA	M €	840	-17%	976	16%	1,488	52%	1,628	9%
FCF	M €	487	12%	365	-25%	559	53%	724	30%
TSR	%	37.1%	22%	15.9%	-57%	6.6%	-58%	20.7%	214%
Avg Employees		32,994	0.4%	34,463	4.5%	37,091	7.6%	38,341	3.4%

14 - Includes the Fair Value of equity compensation related to the GROW 2023-2025 Plan (currently in the vesting period and with potential award in 2026), for both the Performance Shares and the 2023 MBO deferral. The amounts correspond to the sum of columns 6 and 7 in Table 1 below.

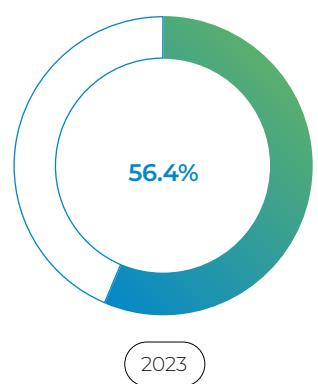
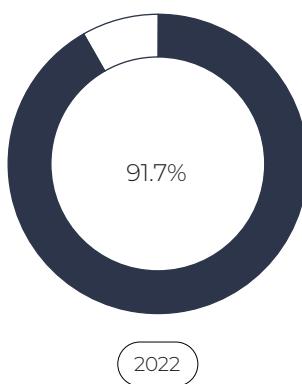
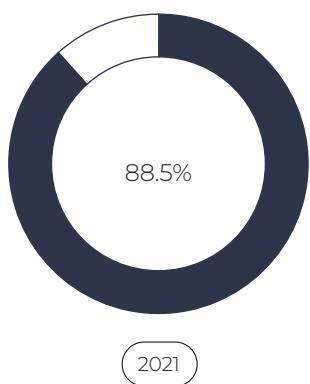
15 - The calculation of average full-time equivalent remuneration includes employees of Prysmian S.p.A. and its direct or indirect subsidiaries with permanent employment contracts. To determine average remuneration, gross annual remuneration at 31 December 2023 plus variable components (production bonuses, MBO plans and LTIs) relating to the accrual year have been used according to best estimates where figures were not available, excluding non-recurring items and social security charges.

## **II. Vote expressed by the Shareholders' Meeting on the second section of the report on the remuneration policy and compensation paid for the previous year**

The chart shows information on the advisory vote by the Shareholders' Meeting in 2023, 2022, 2021 on the section on remuneration paid in 2022, 2021, 2020, respectively.

### **Remuneration Report (Section II)**

votes FOR% (2020-2023)

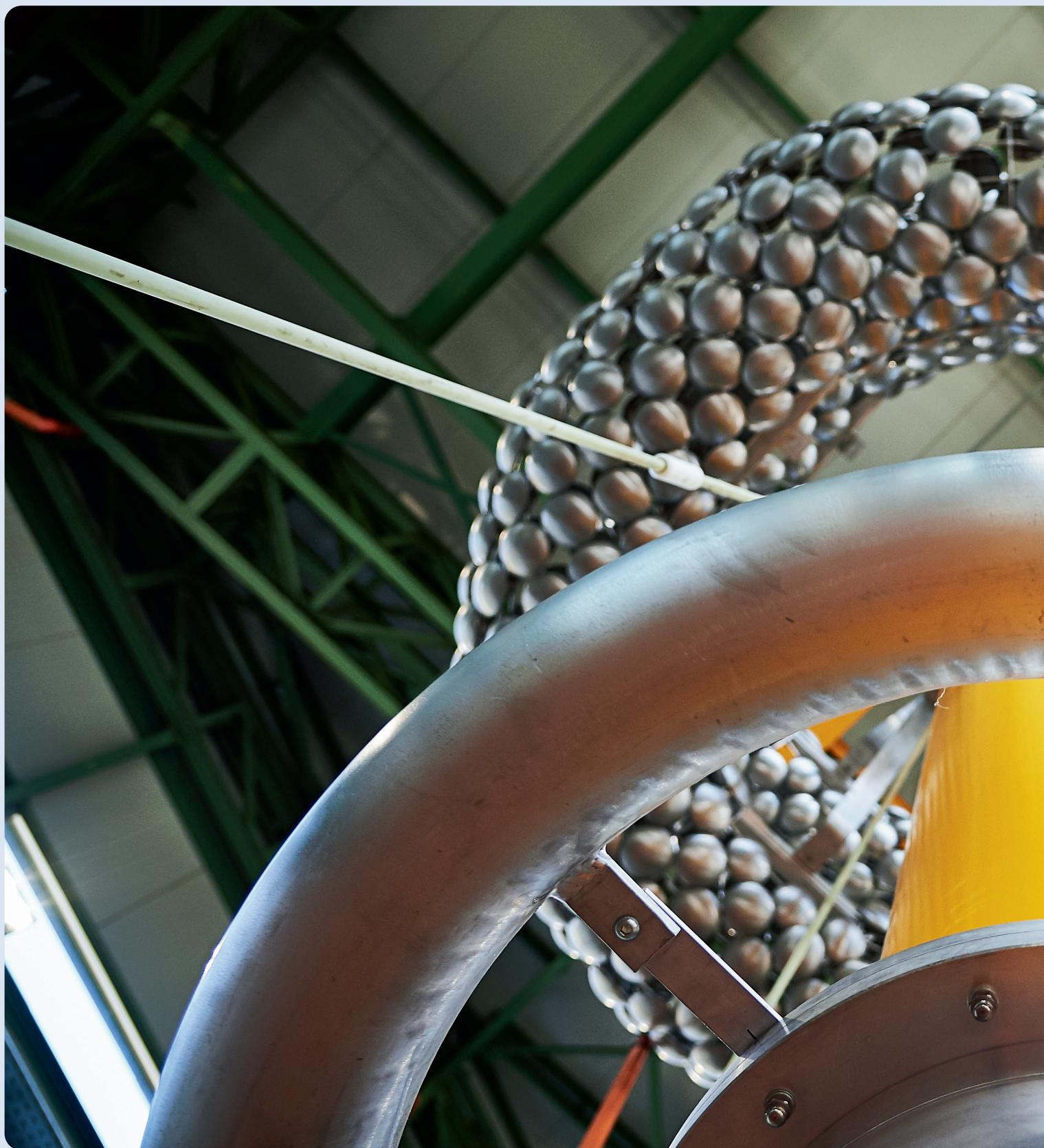


Following the Shareholders' Meeting of 19 April 2023, the Company analysed the outcomes and reasons for the vote through internal meetings involving the competent Bodies, in-depth sessions also with the support of external advisors, meetings with the main proxy advisors aimed at explaining the rationale behind the choices made and understanding the reasons for the concerns expressed.

The continuous process of engagement with investors continued during 2023 and has started again at the beginning of 2024: in January and February, meetings with 10 investors, representative of almost 15% of the share capital were held and additional sessions are planned in the month of March, with 9 investors, representing almost 23% of the share capital.

The Company has maintained its approach of maximum transparency towards Shareholders, and this particularly applies to the Group's variable remuneration systems. For the short-term variable remuneration plan, full disclosure is provided on the degree of achievement of the targets included in the CEO's scorecard.

# REMUNERATION TABLES





**TABLE 1: Remuneration paid to members of the administrative body, general managers and other Managers with Strategic Responsibilities**

A	B	C	D	1	2	3	4	5	6=1+2+3+4+5	7	8	
Full Name	Office	Term in office	Expiry of office	Fixed Pay	Fees for participation in Committees	Bonuses and other incentives	Variable non-equity pay	Non-monetary benefits	Other fees	Total	Fair Value of fees paid in equity	Severance indemnities for end of office or for termination of employment
Bonuses and other incentives										Share of profits		
<b>Claudio De Conto</b>	Chairman	1.1-31.12.2023	2024							230,000	-	-
Fees in the company which draws up the financial statements				195,000 <sup>1</sup>	35,000	-	-	-	-			
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>195,000</b>	<b>35,000</b>	-	-	-	-	<b>230,000</b>	-	-
<b>Valerio Battista</b>	CEO	1.1-31.12.2023	2024									
Fees in the company which draws up the financial statements				1,100,000	-	470,177	-	2,758	-	1,572,935	715,709	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>1,100,000</b>	-	<b>470,177</b>	-	<b>2,758</b>	-	<b>1,572,935</b>	<b>715,709</b>	-
<b>Massimo Battaini</b>	Executive Director	1.1-31.12.2023	2024									
Fees in the company which draws up the financial statements				950,000	-	404,280	-	17,488	-	1,371,767	770,608	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>950,000</b>	-	<b>404,280</b>	-	<b>17,488</b>	-	<b>1,371,767</b>	<b>770,608</b>	-
<b>Pier Francesco Facchini</b>	Executive Director	1.1-31.12.2023	2024									
Fees in the company which draws up the financial statements				630,000	-	224,613	-	15,909	-	870,522	392,272	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>630,000</b>	-	<b>224,613</b>	-	<b>15,909</b>	-	<b>870,522</b>	<b>392,272</b>	-
<b>Paolo Amato</b>	Director	1.1-31.12.2023	2024									
Fees in the company which draws up the financial statements				65,000	-	35,000	-	-	-	100,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>65,000</b>	-	<b>35,000</b>	-	-	-	<b>100,000</b>	-	-
<b>Jaska de Bakker</b>	Director	1.1-31.12.2023	2024									
Fees in the company which draws up the financial statements				65,000	35,000	-	-	-	-	100,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>65,000</b>	<b>35,000</b>	-	-	-	-	<b>100,000</b>	-	-
<b>Francesco Gori</b>	Director	1.1-31.12.2023	2024									
Fees in the company which draws up the financial statements				65,000	35,000	-	-	-	-	100,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>65,000</b>	<b>35,000</b>	-	-	-	-	<b>100,000</b>	-	-
<b>Ines Kolmsee</b>	Director	1.1-31.12.2023	2024									
Fees in the company which draws up the financial statements				65,000	35,000	-	-	-	-	100,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>65,000</b>	<b>35,000</b>	-	-	-	-	<b>100,000</b>	-	-

**NOTES:**

1 - Including EUR 65,000 for the office of Director and EUR 130,000 for the office of Chair of the Board of Directors.

A	B	C	D	1	2	3	4	5	6=1+2+3+4+5	7	8
Full Name	Office	Term in office	Expiry of office	Fixed Pay	Fees for participation in Committees		Non-monetary benefits	Other fees	Total	Fair Value of fees paid in equity	Severance indemnities for end of office or for termination of employment
						Bonuses and other incentives	Share of profits				
<b>Mimi Kung</b>	Director	1.1-31.12.2023	2024								
Fees in the company which draws up the financial statements				65,000	35,000	-	-	-	100,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>65,000</b>	<b>35,000</b>	-	-	-	<b>100,000</b>	-	-
<b>Maria Letizia Mariani</b>	Director	1.1-31.12.2023	2024								
Fees in the company which draws up the financial statements				65,000	35,000	-	-	-	100,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-
<b>TOTALE</b>				<b>65,000</b>	<b>35,000</b>	-	-	-	<b>100,000</b>	-	-
<b>Tarak Mehta</b>	Director	1.1-31.12.2023									
Fees in the company which draws up the financial statements				65,000	35,000	-	-	-	100,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>65,000</b>	<b>35,000</b>	-	-	-	<b>100,000</b>	-	-
<b>Annalisa Stupenengo</b>	Director	1.1-31.12.2023									
Fees in the company which draws up the financial statements				65,000	35,000	-	-	-	100,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-
<b>TOTALE</b>				<b>65,000</b>	<b>35,000</b>	-	-	-	<b>100,000</b>	-	-
<b>Stefano Sarubbi</b>	Chairman of the Board of Statutory Auditors	1.1-31.12.2023									
Fees in the company which draws up the financial statements				75,000	-	-	-	-	75,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>75,000</b>	-	-	-	-	<b>75,000</b>	-	-
<b>Roberto Capone</b>	Standing Auditor	1.1-31.12.2023									
Fees in the company which draws up the financial statements				50,000	-	-	-	-	50,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>50,000</b>	-	-	-	-	<b>50,000</b>	-	-
<b>Laura Gualtieri</b>	Standing Auditor	1.1-31.12.2023									
Fees in the company which draws up the financial statements				50,000	-	-	-	-	50,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-
<b>TOTAL</b>				<b>50,000</b>	-	-	-	-	<b>50,000</b>	-	-
<b>Managers with Strategic Responsibilities</b>	3 job-holders										
Fees in the company which draws up the financial statements/subsidiaries or affiliate companies				1,834,842	-	668,351	-	265,580	99,145	2,867,918	824,230
<b>TOTAL</b>				<b>1,834,842</b>	-	<b>668,351</b>	-	<b>265,580<sup>2</sup></b>	<b>99,145<sup>3</sup></b>	<b>2,867,918</b>	<b>824,230</b>

2 - Includes benefits paid on account of expatriation (e.g. housing allowance).

3 - Expatriation allowance

**TABLE 3A: Incentive plans based on financial instruments other than stock options, in favour of members of the administrative body, general managers and other Managers with Strategic Responsibilities**

			Financial instruments assigned in previous years and not vested in the year		Financial instruments allocated in the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and to be allocated		Financial instruments accruing in the year
A	B	1	2	3	4	5	6	7	8	9	10	11	12
Full Name	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at the date of the assignment	Vesting period	Allocation date	Market price at allocation	Number and type of financial instruments	Number and type of financial instruments	Value at the vesting date	Fair Value <sup>1</sup>
<b>Valerio Battista</b>	CEO	Performance Shares 2023-2025 <sup>2</sup>			44,355	1,203,883	2023-25	19/04/23	€ 38.25				401,294
		Deferred Shares MBO 2023 <sup>3</sup>	2023 - 2025	9,479	269,498	2023-25	19/04/23	€ 38.25		9,479	390,265	269,498	
<b>Massimo Battaini</b>	Executive Director	Matching Shares			4,740	134,749	2023-25	19/04/23	€ 38.25				44,916
		Performance Shares 2023-2025			68,100	1,848,370	2023-25	19/04/23	€ 38.25				616,123
<b>Pier Francesco Facchini</b>	Executive Director	Bonus deferral MBO 2023 (incl. Matching Shares)	2023 - 2025	16,302	463,454	2023-25	19/04/23	€ 38.25					154,485
		Performance Shares 2023-2025		33,871	919,327	2023-25	19/04/23	€ 38.25					306,442
<b>Managers with Strategic Responsibilities</b>	3 job-holders	Bonus deferral MBO 2023 (incl. Matching Shares)	2023 - 2025	9,057	257,490	2023-25	19/04/23	€ 38.25					85,830
		Performance Shares 2023-2025		78,036	2,118,053	2023-25	19/04/23	€ 38.25					706,018
		Bonus deferral MBO 2023 (incl. Matching Shares)	2023 - 2025	12,474	354,636	2023-25	19/04/23	€ 38.25					118,212

**NOTES:**

- 1 - To the extent consistent with applicable IFRS standards, Fair Value is calculated using the price of €28.43 insisting on 80% and €21.99 relating to 20% of the performance shares granted. The FMV for the valuation of the MBO deferral and related matching shares is €28.43. With reference to Performance Share, the number indicated corresponds to the target performance.
- 2 - In consideration of the termination from the office, the number of Performance Shares indicated is pro-rated vs initial grant, equal to 88,710 (target).
- 3 - In consideration of the termination from the office, the Deferred Shares awarded to Valerio Battista are not subject to further vesting conditions. The delivery of the Deferred Shares is in any case only foreseen at the end of the vesting period.

**TABLE 3B: Monetary incentive plans for members of the administrative body, general managers and other Managers with Strategic Responsibilities**

(A)	(B)	(I)	(2)	(3)	(4)
Full name	Office	Piano	Bonus for the year	Bonus for previous years	Other bonuses
			Payable / paid      Deferred	No longer payable      Payable / paid      Still deferred	
<b>Valerio Battista</b>	CEO				
Fees in the company which draws up the financial statements		MBO 2023	470,177		
Fees from subsidiaries or affiliate companies					
<b>Massimo Battaini</b>	Executive Director				
Fees in the company which draws up the financial statements		MBO 2023	404,280		
Fees from subsidiaries or affiliate companies					
<b>Pier Francesco Facchini</b>	Executive Director				
Fees in the company which draws up the financial statements		MBO 2023	224,613		
Fees from subsidiaries or affiliate companies					
<b>Managers with Strategic Responsibilities</b>	3 job-holders				
Fees in the company which draws up the financial statements/subsidiaries or affiliate companies		MBO 2023	668,351		
		PIANO RES	1,131,222	2023-2026	
<b>TOTALE</b>		<b>1,767,420</b>	<b>1,131,222</b>		

**Schedule No. 7 – ter**

**TABLE 1: Participations of members of the administrative and supervisory bodies and of the general managers**

Full name	Office	Investee company	Number of shares owned at the end of the previous financial year	Number of shares purchased / assigned <sup>1</sup>	Number of shares sold	Number of shares owned at the end of the current financial year
<b>Claudio De Conto</b>	Chairman		0	0	0	0
<b>Valerio Battista</b>	CEO	Prysmian S.p.A.	4,088,238	339,743	145,982	4,281,999
<b>Paolo Amato</b>	Director		0	0	0	0
<b>Massimo Battaini<sup>2</sup></b>	Director and COO	Prysmian S.p.A.	248,341	239,090	87,431	400,000
<b>Jaska de Bakker</b>	Director	Prysmian S.p.A.	0	650	0	650
<b>Pier Francesco Facchini</b>	Director and CFO	Prysmian S.p.A.	290,567	131,406	54,632	367,341
<b>Francesco Gori</b>	Director		0	0	0	0
<b>Ines Kolmsee</b>	Director	Prysmian S.p.A.	220	0	0	220
<b>Mimi Kung</b>	Director		0	0	0	0
<b>Maria Letizia Mariani</b>	Director		0	0	0	0
<b>Tarak Mehta</b>	Director		0	0	0	0
<b>Annalisa Stupenengo</b>	Director		0	0	0	0
<b>Stefano Sarubbi</b>	Chairman of the Board of Statutory Auditors		0	0	0	0
<b>Laura Gualtieri</b>	Standing Auditor		0	0	0	0
<b>Roberto Capone</b>	Standing Auditor		0	0	0	0

**NOTES:**

1 - This also includes any shares granted under share ownership plans.

2 - Shares held partly directly and partly indirectly through spouse.

**TABLE 2: Participation of other Managers with Strategic Responsibilities**

Number of Managers with Strategic Responsibilities	Investee company	Number of shares owned at the end of the previous financial year	Number of shares purchased / assigned <sup>1</sup>	Number of shares sold	Number of shares owned at the end of the current financial year
3	Prysmian S.p.A.	86,234	342,636	154,671	274,199

**NOTES:**

1 - This also includes any shares granted under share ownership plans.



