

Prysmian's corporate governance structure also includes the Compensation, Appointments and Sustainability Committee and a Supervisory Body appointed pursuant to Decree 231/2001.

More complete information about (i) the system of corporate governance of Prysmian S.p.A. (ii) the ownership structure pursuant to art. 123-bis T.U.F. (iii) the information provided by the directors about their appointments as directors or statutory auditors of listed or large companies can be found in the "Report on Corporate Governance and the Ownership Structure" available on the Company's website [www.prysmiangroup.com](http://www.prysmiangroup.com), in the section on investor relations/corporate governance, which is prepared pursuant to art. 123-bis T.U.F.

## **INTERNAL AUDIT, COMPLIANCE AND INTERNAL CONTROL**

In order to strengthen the system of internal control and risk management, commencing from 28 July 2016 the Board of Directors established a Compliance Function and, acting on a recommendation from the director responsible for the system of internal control and risk management approved by the Audit Committee and having consulted the Board of Statutory Auditors, appointed a Compliance and Internal Audit Officer to manage the new Compliance department as well as the Internal Audit department. As a consequence, the Compliance and Internal Audit Officer was granted the rights and duties envisaged in the Code of Self-Regulation for the managers of *internal audit* functions.

Subsequently, on 4 April 2017, a Compliance director was appointed - reporting directly to the Compliance & Internal Audit Officer - with the task of dealing with, promoting, developing and implementing the training policies and programs referred to in the Audit and Compliance plan (e.g., anti-corruption, antitrust, trade compliance and privacy)

The Group decided to maintain a separate Internal Audit organisation, which reports hierarchically and functionally to the *Compliance & Internal Audit Officer*. With the inclusion of the Compliance function, the Internal Audit function has now become larger and more structured.

The *Compliance and Internal Audit Officer* reports hierarchically to the Board of Directors who appointed him, while also reporting on his work to the Audit Committee and the Board of Statutory Auditors. This person is not responsible for any operational areas, despite having direct access to all the information needed for the performance of his functions.

The *Compliance and Internal Audit Officer* is mandated to check the adequacy and functioning of the system of internal control and risk management in compliance with international professional standards, both on an ongoing basis and with regard to specific requirements. Accordingly, he prepares an annual Audit and Compliance Plan for the Group, based on the risk assessment carried out as part of the ERM process.

## **GOVERNANCE AND SUSTAINABILITY**

In accordance with the principles established by the Code of Corporate Governance for Listed Companies and Consob recommendations, as well as inspired by international best practices, as from 1 January 2016, the Group's Board of Directors has entrusted the task of overseeing the related sustainability issues linked to the exercise of the Group's activities and its interaction dynamics to all the stakeholders in the Compensation and Appointments Committee, which has become the Compensation, Appointments and Sustainability Committee.

The Committee is responsible for:

- Monitoring the company's positioning on the main sustainability indices;
- Providing advice on the main sustainability initiatives developed by the Group;
- Approving the annual Sustainability Report before the Board of Directors.

To underline Prysmian's commitment and attention to sustainability issues along the entire value chain and within all company processes, a *Sustainability Steering Committee* has been formed as part of the internal governance system, consisting of the top echelons of the organisation, responsible for:

- Promoting a culture of sustainability within all company activities;

- Defining and / or evaluating the implementation of projects or programs aimed at improving the sustainability agenda;
- Monitoring the objectives of the Group Sustainability Policy, the progress with respect to the "Sustainability Scorecard" and the progress of the actions to ensure compliance with the Group's policies and developing an ever growing internal responsibility towards results linked to areas of sustainability;
- Supervising all ongoing initiatives that have an impact, current and potential, on the performance of economic, social and environmental sustainability;
- Ensuring effective communication of the commitment and results achieved in the field of sustainability;
- Supporting initiatives to protect diversity and inclusion both internally and externally.

Within its mission, the *Sustainability Steering Committee* meets periodically to discuss strategic sustainability priorities, the progress of the action plan and its implementation.

The *Corporate and Business Communications* department is responsible for coordinating all activities related to the Group's sustainability reporting, both in terms of process and of content, mapping the Group's stakeholders and monitoring their expectations through stakeholder engagement activities, as well as guaranteeing transparent and constant communication both with the external and the internal stakeholders.

The strategic lines of sustainability are defined and promoted at the corporate level, and then integrated into local policies and all daily activities.