

HUMAN RESOURCES

The HR strategy is rooted in the development and dissemination of a shared common identity: everyone must feel part of the team, contributing to a common project in which they believe.

Over a period spanning more than **130 years**, the Prysmian Group has built its success and achieved important milestones thanks to the skills of its employees who, generation after generation, have been able to pass on to younger colleagues their values, experience and sense of belonging to the Group. The **human capital strategy** of Prysmian seeks to pursue this path: fostering and shaping the passion, motivation and competencies of employees into the real competitive edge over competitors.

In line with the Group's objectives, the human capital strategy is underpinned by a number of pillars:

- The development and dissemination of a shared **common identity**: everyone must feel part of the team, contributing to a common project in which they believe.
- An inspiring model of **Leadership**: a management class of high moral and professional standing is essential for aspiring to ambitious goals and for achieving stable, long-term results.
- The **development and management of talent**: involving the right people in the professional challenges, knowing how to select them and developing and making the most of their skills; training them, challenging them and engaging them. These activities, like others, require planning and method in order to prime the Group to face the challenges of the future. The Group aims to create a "people pipeline" that will drive and support Prysmian's growth.
- The **ability to attract** the highest quality people on the market, by offering professional, intellectual and challenging career alternatives, that are dynamic but also able to offer attractive long-term prospects.
- The **development of an organisation** that, in terms of size, structure and processes, will allow the Group to compete effectively on the market.
- The importance of **internal communication and social relations**, key to managing a large organisation and being able to engage internal and external stakeholders.
- The **international and multicultural dimensions** of our workplaces, consistent with our industrial and commercial presence worldwide.

Leadership Alignment / Organisational efficiency

The process of optimising organisational structures carried on in 2014, especially with a view to improving their effec-

tiveness in the business. In particular, the structure of the business units was revised with the creation of the new High Voltage business unit and a reallocation of the activities of the E&I business unit. Another significant action, announced in 2014 but effective from January 2015, was the process of rationalising Country structures in Europe with a view to regionalisation that will improve commercial synergies in an increasingly integrated European market. Lastly, the Group decided to increase its focus on developing new markets by creating a new dedicated business area.

People Development: investing in people

Intellectual capital and talent are strategic assets for achieving Prysmian's goals of profitability and value creation, which is why they must be supported by appropriate actions to develop and enhance them. Robust processes of resource management, incentivisation and individual motivation, along with chances for international exchanges, give Group employees opportunities for personal and professional growth.

Talent Management

The Group's talent management system responds to the need to attract, develop, promote and retain talented people in the business. Prysmian has adopted a series of processes aimed at creating a "people pipeline", meaning a "line-up" of talent ready to enter the field, which can support and nurture the growth of the business, while ensuring leadership continuity. The talent management system is based on a series of processes: Talent Acquisition, Performance Management, Training and Development, Talent Measurement and Succession.

Talent Acquisition

Building the management team of the future begins with selecting the best talents on the market, with particular attention to recent graduates. "Build the Future, the Graduate Program" is the Group's international recruitment programme to place young high-potential graduates in different business functions and geographical locations. Launched in 2012, the programme has resulted in the recruitment of around 130 young people from around the world. Over 16,000 applications were received for the 2014/2015 cohort, out of which 50 recent graduates were selected from every continent; this was the outcome of an intensive campaign of employer

branding in partnership with professional social networks like LinkedIn and Monster as well as local ones (eg. GraduateLand, ChinaJob), the use of online portals, attendance at careers fairs at the world's top engineering and economics universities, and FaceBook, all geared to maximising media exposure and receiving the largest number of applications possible.

Performance Management

To achieve company targets and continue to improve the results, each employee must be able to make their daily contribution by being set clear objectives, agreed with their manager, and having the possibility of receiving continuous feedback on their work and the results achieved. This is why the Prysmian People Performance system (P3) was created in 2012 as a tool to motivate and engage employees through a process of appraising and improving individual performance. Following the pilot project in 2012, in 2013/14 the programme was rolled out to all Group countries and businesses, covering the entire employee population.

Training and Development

Prysmian has also created, in partnership with SDA Bocconi, the Prysmian Group Academy, an international school of managerial and professional education whose mission is to develop and consolidate the technical and professional skills of Group management. The Academy's training activities involved about 600 employees in 2014, with another 600 expected to be involved during 2015.

Talent Measurement and Succession

The Academy introduced a leadership assessment and development process during 2014. Each programme, developed in partnership with the consulting firm CEB, adopts the very latest in career management practices. To date around 250 employees have been involved, including executives, middle managers and technicians. The aim of these programmes is to prepare the future pipeline and to plan succession, through a clear and timely exchange of information based on hard, reliable and consistent evidence of an individual's potential and ability (i.e. their readiness) to cover different positions.

International mobility

At 31 December 2014, the Prysmian Group had an expatriate population of about 175 people from 35 different nationalities (of whom slightly more than 38% were Italian), who had moved to 35 different destination countries; of this total 61% were non-executive staff and 8% women. A total of 82 people embarked on new international assignments during the year. The above numbers demonstrate the importance of international mobility within the Prysmian Group. In fact, this tool is an integral part of the policy of developing and growing talent

within the Group. On the one hand, it allows the culture and values of Prysmian to spread to all its countries and all its subsidiaries, a particularly important requirement after the Draka Group's acquisition in 2011. On the other hand, it allows local organisational needs to be met by allowing the transfer of both managerial and technical know-how from one country to another. International experience is also central to the professional and managerial growth of young talents participating in the "Graduate" program. In 2014, 50 recent graduates from 24 different countries were recruited for a two-year international experience in as many as 19 different countries of destination.

The Prysmian Group's attention to internationalism and the development of transnational resources is matched by the considerable energy it devotes to fostering the cultural diversity of the individual countries in which it operates. Of the Group's senior executives, 45% work in their country of origin.

The focus of international mobility in 2015 will be on ensuring the success of international assignments by measuring their effectiveness in terms of know-how transfer and local team professional development and by improving the career planning for expatriates once they finish their international assignments.

Key to the success of the international mobility policy is that expats manage to share and strengthen the Prysmian sense of identity, its corporate culture and values within the local teams, while leveraging the diversity of talents beyond geographical borders in order to achieve superior results for the organisation.

Remuneration policies

The Compensation & Benefits policies adopted by the Prysmian Group are designed to attract and retain highly professional resources, particularly for key positions, with the right skills for the complexity and specialisation of the business, while also having a view to the sustainability of costs and results over time. The business's growing internationalisation means constantly monitoring the different geographical situations to secure distinctive talents in a competitive market environment.

These policies are defined and implemented centrally for the Executive population (about 300 employees) and for expatriates (about 175 employees), while these activities are delegated to the local level for the rest of the workforce. Over the next few years, centralised management will also extend to the population of experienced employees, meaning those with extensive know-how linked to length of service.

In line with best market practice, executive remuneration packages contain a fixed component as well as short and long-term variable components. All components of remuneration

neration are performance-related and the variable ones in particular account for an important percentage of the overall compensation package offered.

The fixed portion of remuneration is reviewed annually and revised if necessary to take account of competitiveness versus market compensation data, internal equity and individual performance, all of which in compliance with local regulations. This meritocratic approach is based on the P3 global performance appraisal system which is applied uniformly and consistently throughout the Group.

The executive population and 500 other managers of the Group participate annually in the MBO (Management by Objectives) plan under which an annual incentive is paid upon meeting predetermined Group objectives in line with the priorities identified in the business plan. In 2014 these objectives (on-off conditions) were represented by the Group's NFP (Net Financial Position) and EBITDA. The value of the incentive paid depends on the percentage achieved of the predetermined business and/or functional and/or individual objectives, defined with the aim of aligning individual behaviour with the organisation's annual strategic objectives. Where possible, individual sustainability objectives are included. In some cases, a multiplier is applied to the final value of the MBO, depending on the P3 performance appraisal. Also taken into consideration when determining the bonus payable are the employee's qualitative performance and overall conduct. The MBO has very strict rules which are communicated clearly and transparently to all participants.

In a spirit of continuity with the past, and convinced of the importance of linking executive remuneration to business short-term as well as long-term results, the Prysmian Group has started to study a new long-term incentive plan, which will be submitted for shareholder approval.

Group employee share purchase plan (YES Plan)

The Prysmian Group has also launched the YES Plan (Your Employee Shares Plan), open to all Group employees. The Plan was introduced in 28 countries at the end of 2013, after an intense communication campaign and detailed presentations. The YES Plan's regulations allow participating employees to buy Prysmian shares, during specific purchase windows in 2014, 2015 and 2016, on preferential terms and on condition that they retain the shares for at least 36 months from the purchase date. Plan participants can buy Prysmian shares at a discount, that varies from 1% for the CEO and Senior Managers, to 15% for executives and 25% for the

remaining workforce, thereby encouraging employee participation at every level. Moreover, all participants are given 6 shares as a one-off entry bonus.

The objectives pursued in launching this plan are to increase employees' sense of closeness and belonging to the Group as well as their engagement with and understanding of the business, in order to converge the long-term interests of shareholders, customers and employees and to strengthen the internal perception of Prysmian Group as one, single company, a real "One Company". In brief, the Group's intent is to have its employees become stable shareholders, thus making them owners of a small part of the Group in which they work.

Plan participation in the launch year confirmed the expectations: around 5,000 employees, or 32% of the total (of whom about 55% were BC personnel) signed up to the Plan in 2014, confirming their great sense of corporate belonging and their confidence in Prysmian's people and in its future.

Plan participation in certain countries was very high, with for example, nearly all employees signing up in Romania, about 83% at the headquarters in Milan and 74% in Turkey.

Social and internal relations

The Group maintains constant and positive relations with employee representatives and trade unions based on mutual respect and fair discussion, in the belief that, with due respect for each other's roles, common interests can be pursued through constructive dialogue.

Employee and trade union representatives therefore operate freely in compliance with local laws and practices.

During 2014 a number of industrial restructurings in France and the Netherlands were the subject of discussions with the unions, leading to agreements for the definition of the relevant social plans.

Meetings of Prysmian's European Works Council were held in May and October and were attended by the body's delegate members. Both meetings were prepared beforehand by the Select Committee which decided the content in terms of information about the business, its most significant initiatives, and information about the shareholders, with ample room left for further questions.

For a more detailed understanding of the Prysmian Group's commitment to human resources, please refer to the 2014 Sustainability Report.