

MARKET APPROACH

Prysmian Group has perfected a market approach over the years that puts the customer at the centre of its strategic, organisational and business choices. Its commitment to analysing customer expectations and their evolution over time allows the Group to develop organisational and operating models that translate into fast, efficient and targeted responses to the markets concerned.

At the heart of this approach is **"Customer Centricity"**, which expresses itself in the ability to anticipate and satisfy customer needs through its constant presence, from product design through to delivery, and its provision of a level of service that is monitored against specific, agreed parameters. The Prysmian Group is able to develop solutions that not only meet specific standards but also satisfy precise customer needs. In particular, the Group is able to serve very different segments and markets thanks to its ad hoc matrix organisational structure that lets it have a local presence even for major global projects. This means that markets with high local specificity are served by country commercial and development teams, and that markets with global products and customers are followed by integrated business unit teams, while other segments requiring a local presence and cooperation between countries draw on the matrix structure's potential.

Customer centrality and satisfaction are a strategic approach that is implemented by having a fast, smooth organisation throughout the supply chain, capable of expediting decision-making and time to market by adapting itself to the needs of the various industries through continuous investment in innovation.

One of the ways of implementing customer centricity is through **"Factory Reliability"**, a process that makes it possible not only to improve the reliability of planning and the execution of manufacturing output, in terms of both mix and volumes in ever faster response times, but also to have stricter control over inventory levels for every type of stock (raw materials, intermediate and finished goods); this enables the Group to deal effectively and efficiently with upswings and downswings in sales volumes and consequent variation in manufacturing output.

In addition to the Customer Centricity and Factory Reliability propositions, Prysmian Group has also started **Supply Chain Integration** projects with some of its most important global customers with the goal of improving process effectiveness and efficiency throughout the supply chain, from the producers of raw materials and intermediate goods used in manufacturing through to the end cable user.

CORPORATE GOVERNANCE

The Prysmian Group keeps its corporate governance system constantly in line with latest recommendations and regulations, adhering to international best practices.

Prysmian is aware of the importance of a good corporate governance system in order to achieve strategic objectives and create long-term sustainable value, by having a system that is **effective** in complying with the legal and regulatory framework, **efficient** in terms of cost-effectiveness, and **fair** towards all the Group's stakeholders.

Accordingly, the Prysmian Group keeps its corporate governance system constantly in line with latest recommendations and regulations, adhering to national and international best practices.

In addition, the Group has put in place standards, rules and procedures that govern and guide the conduct of activities by all its organisational and operating structures, as well as ensuring that all business transactions are carried out effectively and transparently.

During 2014, with a view to continuous improvement of its corporate governance system, Prysmian Group undertook several initiatives to implement the recommendations of

the Self-Regulatory Code⁽¹⁾, adopted by the Group, and to strengthen the principles of transparency and integrity.

Corporate Governance Structure. Prysmian's corporate governance structure is based on the central role of the Board of Directors (as the most senior body responsible for managing the Company in the interests of shareholders) in providing strategic guidance, in ensuring the transparency of the decision-making process and in establishing an effective system of internal control and risk management, including decision-making processes for both internal and external matters. The model of governance and control adopted by Prysmian is the traditional one, with the presence of a general Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.

An overview of the Company's corporate governance structure now follows, along with a description of its main features.

(1) "Italian Stock Exchange Self-Regulatory Code for Listed Companies - Ed. 2014" drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A.