

Prysmian's People

Enhancement of personnel

Sustainability also means creating value internally. Prysmian knows that our people represent the most important value added; accordingly, the Group strives to ensure their growth, while also maintaining the cohesion needed to compete at the highest levels of the sectors concerned.

Within the social dimension of our business, Prysmian recognises its commitment and responsibility towards the persons who work for the Group, as well as those who form the local communities in the territories in which we are active. Over more than 140 years, the Group has built its history and successes on the abilities of its employees. Individuals who have been leading actors in the achievement of these results, thanks to their ability to transmit to younger colleagues, generation after generation, their values, experience and attachment to the firm.

The new human capital strategy, launched in 2015 in support of our business strategy, our growth in the period to 2020 and our sustainability objectives, will guide the development of specific initiatives in this area.

The human capital strategy is founded on the following pillars:

- Constant improvement and development of the organisational model, consistent with our business strategies and priorities;
- Strategic planning of resources in order to ensure, over the medium term, the compatibility of our human capital with the needs of the Group in terms of ability and skill;
- Development of employer branding: increase awareness of the Prysmian brand as an employer and develop the positioning of the brand in the international job market, partly via strategic recruitment initiatives;
- Creation of a strong talent pipeline that ensures the sustainability of the Group's human capital strategy;
- Development of technical, professional and managerial skills via the training initiatives of the Prysmian Academy, which has now been active for six years;
- Development of meritocracy and sustainability via global initiatives focused on improvement;
- Development of employee engagement and sense of belonging via a structured approach to measuring the corporate climate, in order to align management and the initiatives with the perceived priorities of employees and, in particular, via a broad share ownership programme designed to make most of them shareholders.

NEW MILESTONES

To maintain the commitments made last year, during 2016 Prysmian launched a series of employee-focused initiatives that are described below:

- Continuation and expansion of the strategic recruitment initiatives: the Build the Future programme has resulted in the recruitment of an additional 40 persons, while successful implementation of the Make-IT programme, to recruit professionals for critical roles in the Manufacturing and Quality areas in particular, enabled us to find 50 persons. The Group intends to repeat this initiative in future.

- HR management has organised a roadshow that visited every region with the involvement of local management, sharing the results of the viewpoint (engagement) survey, as well as the main ongoing HR initiatives, with a special emphasis on personnel development. The results of the survey were also described to employees in the various countries, both via special meetings organised locally and via a dedicated page on the Intranet.
- Prysmian developed a *Human Rights Policy* during 2016 that was published in early 2017. The objective is to define the Group's commitment to the protection of human rights in the world and the criteria to be agreed with our suppliers.
- While providing an opportunity for employees to present their personal objectives, the P3 performance management process will also enable colleagues at the same level to exchange feedback.
- A process for the evaluation of potential (P4) was implemented during the year, enabling us to make a worldwide assessment of management succession paths.
- The Senior Leadership Program, attended by senior managers in order to create a common corporate language to deal with managerial challenges, has been completed within the Leadership Academy.

Human Rights Policy

Prysmian is committed to respecting human rights via the adoption of a Human Rights Policy, activating a structured, long-term process to support internationally-recognised human rights and avoid any involvement in their violation.

Protecting the dignity, liberty and equality of all human beings is the cornerstone of our ethos. The Group rejects all discrimination and illegal deeds or activities, such as corruption, slavery and child labour. The Policy adheres to and complies with numerous international conventions, such the International Human Rights Charter, including the Universal Declaration of Human Rights and the ILO Fundamental Conventions, included in the ILO Declaration on the fundamental principles and rights at work. This Policy defines Prysmian's commitment to protect the fundamental human rights, including the dignity of the persons who work for the Group, and also to promote respect for all human rights throughout the entire value chain and in the Group's business relationships.

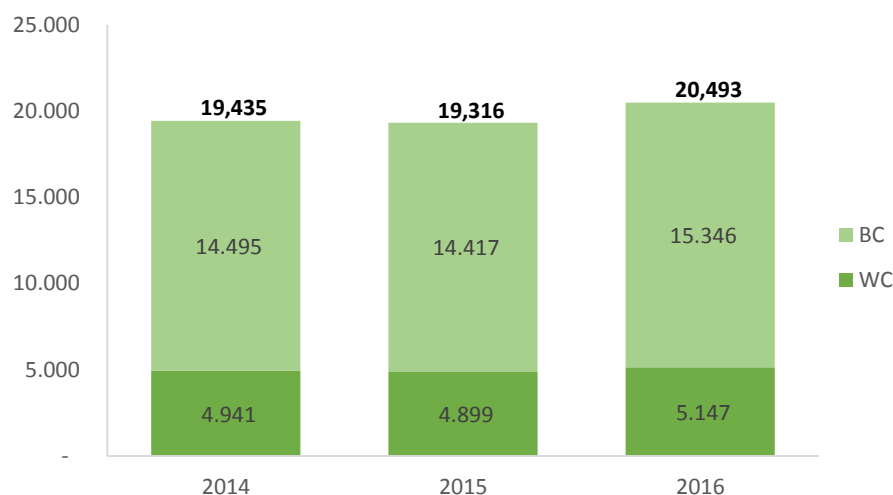
Ethical principles play an extremely important role in the context of Prysmian's commitment to sustainability. The Group believes, in fact, that ethical business conduct is a key success factor for the business.

COMMITMENTS FOR THE FUTURE

In 2017 the Prysmian Group expects to launch a new series of initiatives for staff and external stakeholders. In particular:

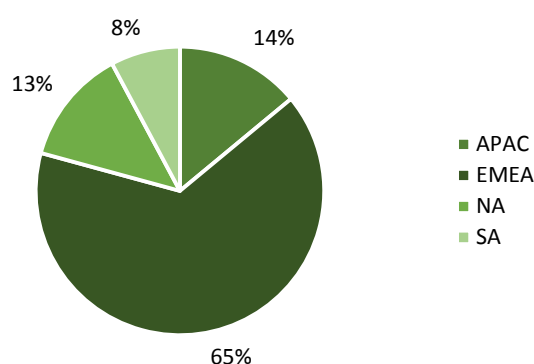
- The global recruitment programme "SELL IT", which was launched at the end of 2016 to fill critical professional positions in the Commercial, Marketing and Product Management areas, is expected to find 40-50 staff with experience and will be repeated in future;

- A new Group Viewpoint Survey will be conducted, while also implementing the actions identified in relation to the topics already determined to be important;
- The "Build the future" recruitment programme for new graduates will be held for the sixth time, with the aim of making recruitment a key element of the Group's workforce and skills planning strategy.
- The *Human Rights Policy*, approved in early 2017, will be circulated to all employees during the year, promoted via specific communications and implemented throughout the value chain together with the supply and distribution network, in order to create synergies within the entire business process;
- The P3 performance management process will be further improved, by giving staff the opportunity to state their objectives to their superiors in order to boost engagement and participation. In the near future, this system will also allow the exchange of peer-to-peer feedback.

TOTAL GROUP EMPLOYMENT AS OF 31 DECEMBER 2016¹²

The Prysmian Group employs¹³ 20,493 persons, comprising 5,147 white-collar staff including executives and 15,346 blue-collar workers.

There were 1,177 more employees in 2016 than in the previous year. This net increase includes 877 persons from the consolidation of OCI (Oman Cables Industry) and OAPIL (Oman Aluminium Processing Industries LLP) and the acquisition of Data Cables (104 persons), as well as increases resulting from new investments in certain countries. The ongoing industrial restructuring and reorganisation processes in Europe resulted in further departures during 2016. The Build the Future programme continued during the year with the induction of new graduates (40 persons) and the first edition of the Make-IT recruitment plan was held, with a view to recruiting key personnel in the Manufacturing, Logistics, Quality and R&D areas (50 persons).

EMPLOYMENT BY GEOGRAPHICAL AREA AS OF 31 DECEMBER 2016¹⁴

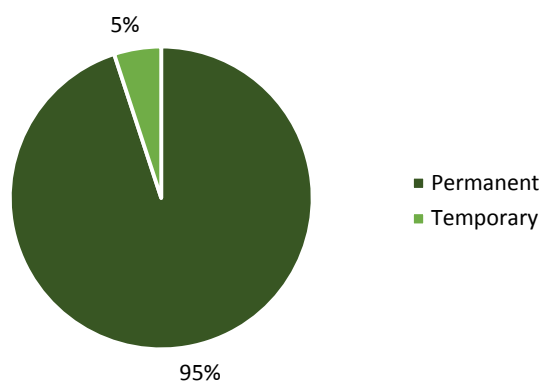
¹² Data expressed in FTE (Full Time Equivalents), including the employees and temporary staff of companies that are Group subsidiaries or subject to management and control.

¹³ In order to guarantee the reliability of this document and its comparability with previous editions, the data of Prysmian India has been estimated using the best methodologies available. In fact, due to a lack of data, the number of persons employed by Prysmian India has not been changed for 3 years, while the qualitative breakdowns have been estimated with reference to Group averages.

¹⁴ Headcount data at year end, including solely the employees of companies that are Group subsidiaries or subject to management and control. This data represents 100% of total employment by the Prysmian Group.

In 2016, 65% of personnel were located in EMEA (Europe, Middle East and Africa), including 17.13% in Italy. North America (United States, Canada and Mexico) and South America employ respectively 13% and 8% of personnel, while APAC (Australia, Asia and China) account for 14%.

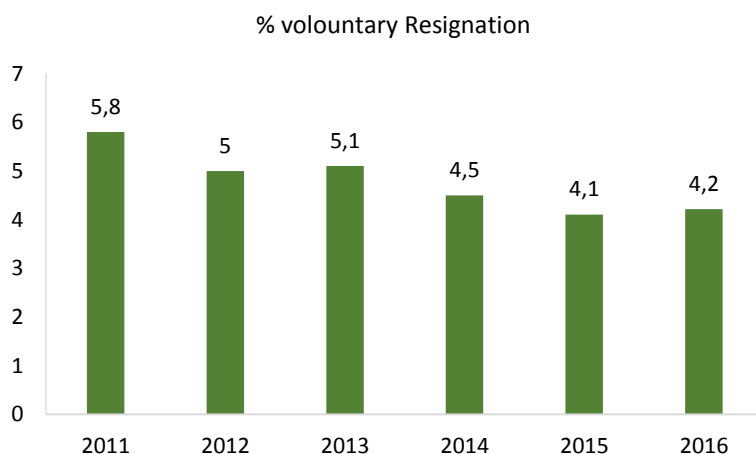
EMPLOYMENT BY TYPE OF CONTRACT AS OF 31 DECEMBER 2016¹⁵



The Group had 17,446 permanent employees in 2016, comprising 12,645 blue collar and 4,801 white collar, which represented 95% of the total work force.

TURNOVER – VOLUNTARY DEPARTURES OF WHITE-COLLAR STAFF¹⁶

There were 205 voluntary departures (4% of the white-collar population) during 2016, out of a total of 508 leavers, which was in line with prior years (4.1% in 2015 and 4.5% in 2014).



¹⁵ Headcount data at year end, including solely the employees of companies that are Group subsidiaries or subject to management and control. This data represents 100% of total employment by the Prysmian Group (excluding OCI and OAPIL).

¹⁶ Data expressed in FTE (Full Time Equivalents), including the employees and temporary staff of companies that are Group subsidiaries or subject to management and control (excluding OCI and OAPIL).

Investing in people

For Prysmian, intellectual capital and talent are strategic assets for the achievement of our profitability and value creation objectives. As such, they must be supported by appropriate actions to develop and enhance their worth.

Over the period 2012-2016, the Group designed and implemented a human capital development strategy in order to minimise the errors made when deciding on people and, therefore, to equip the business with valuable resources capable of contributing to future growth and maintaining our global leadership position in the sector.

The Human Capital Development strategies based on an integrated management system that can attract, develop, promote and retain talented people.

The talent management system is based on four pillars:

- Recruiting and Talent Acquisition
- Training and Development
- Performance Management
- Talent and Succession Management

RECRUITING AND TALENT ACQUISITION

EMPLOYER BRANDING

Numerous initiatives during 2016 were designed to position the Group as the **Employer of choice** on a global scale:

- The Group has carried out employer branding campaigns on LinkedIn, building a strong partnership with the most important professional social network. This involved opening an increasingly detailed careers pages and publishing job vacancies
- We held numerous career fairs in order to strengthen the participation at job fairs of the world's best engineering and business universities
- Lastly, Prysmian also carried out intensive and targeted recruiting and communications activities on Facebook, LinkedIn and other social networks. In particular, during 2016 Prysmian made use of live webcasts to candidates in order to present the Group and its culture in the best possible way, respond in real time to the more important questions and keep them updated regularly about the selection process. This tool has proved to be a great success, being rewarded by thousands of comments and visits.

GRADUATE PROGRAM

The development of managers and technicians of the future starts by recruiting the most capable individuals available, with particular reference to new graduates. "Build the Future, the Graduate Program" is an international programme for the recruitment and induction of new graduates. The objective is to place young graduates with high-potential profiles in various functions and geographical areas.

The Graduate Program comprises the following phases: a careful selection process; 2 weeks of induction in Milan during the first year with the Group, plus another 3 weeks of training in the following two years, as part

of the Post Graduate Program (PGP); job rotation for a year with support from a mentor; a two-year international assignment in one of the Group's locations; lastly, assignment to an important technical or managerial role at the end of the 3-year program.

Starting from 2012, this programme has already resulted in the recruitment of about 170 young people from all over the world. Forty new international staff were taken on during the first half of the year, while in the second half of the year 28,000 applications were received. This will lead to the selection and recruitment of another 50 persons in 2017.

MAKE IT

In 2016, in line with the talent acquisition strategy, Prysmian presented again the international recruiting programme known as "Make It". This specifically targets engineers with 3/5 years' experience, who are interested in taking key, highly challenging positions at the main factories within the Group.

The aim is to recruit engineers from other sectors and given them an opportunity to contribute to the growth of the manufacturing business.

The objective of the programme is to develop and grow additional industrial talent. The Make It steps involve: on Boarding & Training on the Job for about 2 months in order to settle into the local business and the specific role assigned; a period of technical and managerial induction at the Manufacturing Academy in Mudanya (Turkey); support from a mentor and continuous technical training linked to participation in the Lean Six sigma skills development programme; lastly, opportunities for career development via assessments of performance and potential.

The first edition, which attracted about 6,000 direct and 1,500 indirect candidates, resulted in the global recruitment during 2016 of about 50 engineers from the most advanced sectors.

SELL IT

Consistent with the various Strategic Recruitment activities, a new recruitment programme known as "SELL IT", addressing the commercial area, was devised in 2016. The objective for 2017 is to identify engineers and others with a passion for and 3/5 years' experience in the commercial area, who are interested in taking key and highly challenging positions in the Energy and Telecom businesses at the Group's most important factories.

This programme was developed with a major line contribution, drawing on detailed interviews and a survey of a representative sample of about 100 employees working in the commercial function.

TRAINING AND DEVELOPMENT: PRYSMIAN GROUP ACADEMY

1,200 employees involved in 2016

In order to develop its people, the Group has created the Prysmian Group Academy, an international managerial and professional training school, whose objective is to develop and consolidate the leadership and technical expertise of its management. The Academy is organised into two distinct but synergistic schools: the School of Management and the Professional School.

School of Management

The School of Management, which is run in partnership with SDA Bocconi and a network of another 9 leading international business schools (ESADE, FUDAN, SMU, STENBEIS, CORVINUS, SSE, FGV, ESSEC,

USC), has involved 563 participants over 5 years and has already awarded 333 diplomas, with plans for further growth in 2017.

The School is designed to attract talented staff with the aim of sharing a common vision of the business, diffusing the values and culture of Prysmian and exposing them to the best managerial practices.

The Prysmian Group's School of Management is unique in that, due to a system of credits and examinations, the complete portfolio of training programmes leads to obtaining the internationally-recognised GEMBA (Global Executive Master Business Administration), awarded by SDA Bocconi in partnership with an international network of business schools.

Additionally, all programme content has been heavily customised to meet the competitive challenges of the industry in which Prysmian operates. This has been made possible thanks to the contribution of the Faculty of SDA Bocconi in preparing "Prysmian Global and Regional case studies". Based on real situations, these case studies allow participants to pit themselves against the daily challenges they will find when developing strategies in the world of cables. The portfolio of management training is therefore organised into seven leadership programmes:

- **Post Graduate Program:** a Group training programme for new graduates that have just joined the Prysmian Group, introducing them to the fundamentals of business, products, processes and customers;
- **International Leadership Program:** an intensive Group programme for talents with 5/7 years' experience, preparing them to take leadership positions within the Prysmian Group at an international level;
- **Regional Leadership Programs:** programmes for each region (Southern Europe, Northern Europe, South America, North America, Central-Eastern Europe, APAC), designed together with leading business schools for regional middle management not involved in the global programmes. The programmes are tailored to suit the particular characteristics of the various businesses and local markets, reinforcing the network within the region without losing sight of the Group's unitary strategy;
- **Advanced Leadership Program:** an ad-hoc Group programme for middle and senior managers intended to assess and develop their managerial skills and ability, in preparation for rapid career advancement within the Group;
- **GEMBA Global:** executive MBA from SDA Bocconi;
- **SLP (Senior Leadership Program):** programme introduced in 2016, based on training and business workshops for senior managers. In particular, the topic of innovation was addressed in 2016;
- **Alumni:** programme launched in 2016 in order to maintain and promote the School alumni network, as well as to provide regular refreshers on management-related matters. During 2016, this programme involved over 100 employees who had previously completed past editions of our leadership programmes.

The first Regional Leadership Program (RLP) in South America

The first Regional Leadership Program was launched in South America during 2016. This programme, designed to create a cohesive managerial network, involved about 20 managers and professionals.

Consistent with Group strategy, this programme focuses on the strategic challenges faced in the South America region by developing the managerial skills and leadership ability of local personnel.

Professional School

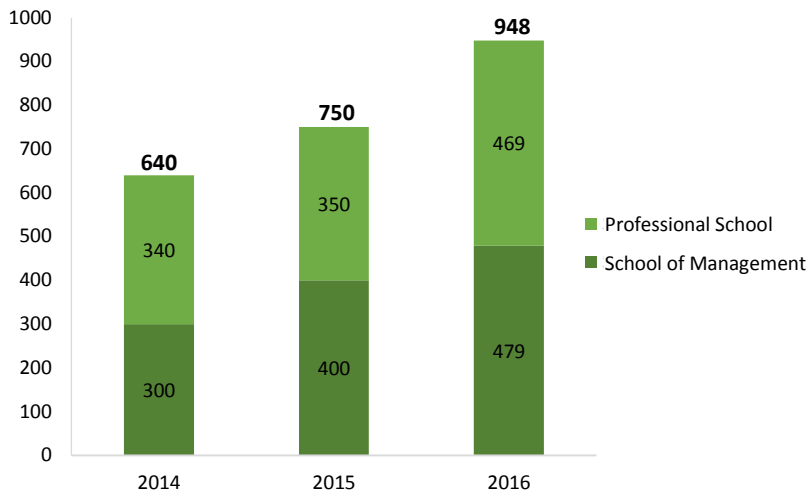
The Professional School, organised into function academies (Manufacturing, Supply Chain, Quality, Purchasing, R&D, Product & Sales, IT, HR and Cross-functional) and centres of expertise (Manufacturing, Technology, Sales), has trained over 1,000 employees over the past five years, involving more than 100 experts and with plans to involve the same number in 2017 as well. This School seeks to develop and share the key technical and professional abilities, with support from internal teachers from all over the world. The main objective is to develop and consolidate know-how and technical skills, ensuring their transmission from more experienced personnel to younger persons. The areas concerned comprise:

- Manufacturing Academy: the first Centre of Expertise was established in 2016 with facilities in Mudanya (Turkey), at one of the Group's largest factories. The centre has already provided technical training to about 100 employees from every factory. The Lean Six Sigma training was one of the most important courses, following which the participants received Green Belt certification;
- Research and development: courses delivered by senior Group experts, which seek to develop technical skills in the areas of innovation and product development with the aim of providing customers with technologically innovative solutions at ever more competitive prices;
- Quality and Supply Chain: dedicated to staff in the Operations division to develop key skills in production management;
- Purchasing: designed to develop excellence in managing the procurement of materials and services, tackling in particular such key topics as negotiation;
- Sales and Marketing: designed to consolidate and develop technical-commercial skills relating to the various business segments, such as market analysis and the commercialisation of Group products;
- IT: dedicated to providing the knowledge needed for the effective use of SAP One Client;
- Cross-functional: specialised courses aimed at developing cross-sector knowledge;
- Human Resources: courses that consolidate the skills needed for managing the fundamental processes of recruiting, training and personnel development.

A number of partnership, innovation and knowledge management practices are also worthy of mention:

- Preparations for the start-up of the Group's Technology and Product School in Lexington (USA) under the leadership of the Group's most expert chief engineer (who retired in 2016);
- Printing by the Prysmian Academy of the first internal publication on fibre optics, edited by our own leading experts, for the first edition of the professional training course on fibre carried out in December 2016 at the Douwrin factory;
- Launch of the Digital Academy, addressing about 250 employees of the quality function, which represented an important step for digital practices. In this regard, a specific learning platform was established, which can be accessed at the website www.prysmiangroupacademy.com;
- Delivery of courses to Prysmian customers. In particular, various technical training courses were held on the PRYCAM product.

PRYSMIAN GROUP ACADEMY – PARTICIPANTS



Once again, the number of participants in the Prysmian Group Academy rose substantially in 2016 compared with previous years (over 26%). This statistic is even more important given that the Professional School's e-learning courses were launched during 2016, involving 214 persons and training for the Make It programme (50 persons).

Manufacturing Academy, where training meets production

Prysmian Group has launched the new Manufacturing Academy, which seeks to consolidate the skills relating to the production of all product ranges throughout the Group, as well as to establish a solid Manufacturing Community. Based in Mudanya (Turkey), the Academy will receive and train the greatest manufacturing talents, with a view to expanding Group know-how in this field. According to Fabrizio Rutschmann, SVP Human Resources and Organisation, "the Manufacturing Academy is hugely important for the Group and its employees. Global and local experts can meet at this outstanding centre for production excellence to exchange more readily their knowledge and experiences and, therefore, consolidate best practices in the technical area."

Given the location, at one of the largest Prysmian factories in the world, and its role as a centre of excellence and skills, the facility is able to provide in-depth knowledge that is unparalleled in the manufacturing world. The Manufacturing Academy will offer Prysmian employees three different programmes, depending on their roles and seniority: "Manufacturing Fundamentals", "Advanced Manufacturing" and "Excellence in Manufacturing". The teachers, including experts from within the Group, will share their specialist knowledge and experience on various subjects. The training will address such topics as KPIs, processes, materials, controls, worker management, continuous improvement, instruments and methods, best practices and efficiency, maintenance and machinery, cost management and cross-functional knowledge.

PERFORMANCE MANAGEMENT: P3 PRYSMIAN PEOPLE PERFORMANCE

About 5,000 staff involved in 2016

In order to achieve our business objectives and continue to improve our results, each employee must be put in a position to make a daily contribution. This requires the allocation of clear objectives agreed with management and the provision of constant feedback about the work performed and results obtained.

The Prysmian People Performance system (P3) was introduced for the first time in 2012. After a pilot phase targeting the Group's executives, the system was then extended to the entire managerial and clerical population in all countries involving, as in the past two years, around 5,000 persons in 2016.

The objectives of the Prysmian People Performance system are to:

- align personal objectives with those of the Group, thereby motivating each employee to do their best and generate value for the entire organisation, creating a single business identity;
- guide leadership behaviour;
- facilitate communications between managers and staff, so that the results achieved can be shared;
- train those deemed most deserving, based on objective appraisals.

This process, backed by an on-line platform, implements 5 main steps:

- definition of performance: determine targets and expected behaviours;
- overall assessment: appraisal of the quantitative and qualitative results achieved;
- calibration: sharing and comparison of the assessments made by management at various levels (country/region, business unit, Group);
- feedback: provision of feedback to staff.

As part of the constant improvement of the business and business processes, a number of actions were implemented and monitored in 2016 in order to enhance the meritocracy and employee engagement:

- possibility for staff to present their target objectives, agreeing them with their superiors, and redefine them during the year in response to changes in their roles or external conditions;
- preparation and documentation of an action plan for the improvement of performance;
- alignment of the performance process with career programmes;
- association of assessment systems with the reward system.

TALENT AND SUCCESSION MANAGEMENT: P4 PRYSMIAN PEOPLE PERFORMANCE POTENTIAL

About 800 staff involved in 2016

Following various talent assessment and measurement projects and, not least, in accordance with the recommendations of the Italian Stock Exchange Code of Self-Governance on management succession, in 2015 the Group – acting on a mandate from the Compensation and Appointments Committee – decided to streamline its talent assessment procedure by introducing a single process for the identification of talent and the preparation of succession plans.

Accordingly, for the first time, the Group introduced a structured process for the identification of talent in 2016, known as P4 (Prysmian People Performance Potential), together with MERCER, a consultancy. The main purpose of this process is to assess potential and predict future performance in roles of greater responsibility.

The process is based on Prysmian's definition of talent, as the sum of consistent performance and potential, that was identified from a series of structured interviews with 35 key Group managers.

Consistent performance means having delivered good results in at least the two previous years, as determined using the P3 assessment system, while potential means a combination of 8 personality traits that are important for the Group.

This process, launched in March 2016, involved all participants in the P3 process in the following phases:

- **Potential Scouting:** all employees were screened with reference to the consistent performance criteria. This scouting activity involved about 800 employees (defined as consistent performers), via the guided observation of 8 traits indicating potential and a rating of potential on a scale of 1 to 3;
- **Talent Pools:** all assessments were consolidated in a 9-quadrant matrix and consolidated by organisational band, giving rise to the talent pools;
- **Talent Discussion:** discussion committees met in each country in order to review the results of the observations made and prepare the succession tables;
- **Group Validation:** all country-level reports were discussed at an annual meeting in order to identify a talent pool of about 300 persons, which will be reviewed every year;
- **External Assessment:** for 10 strategic positions, an external partner (Spencer Stuart) was involved on completion of the process, to make an independent assessment of the potential of about 30 managers, in order to evaluate their readiness.

Given the good results achieved in 2016 and the importance of this process in terms of risk assessment and the sustainability of the business, it has been confirmed and established as an annual process that will constantly monitor the pipelines and the risk of discontinuities affecting critical positions.

With regard to the evaluation of talent, it is useful to highlight the work carried out in the Academy classrooms in partnership with CEB, a consultancy. In particular, consistent with the P4 process, a “process of leadership assessment and development” was included in the leadership programmes of the School of Management and in some programmes of the Professional School. To date, about 400 executives, middle managers and technicians have benefited. This process supplements the programmes of the Prysmian Academy with action plans and individual development plans. The same methodology was also used by

various Group affiliates for critical selection processes, thus obtaining additional information about the candidates and strengthening the decision-making process.

COMMITMENTS FOR THE FUTURE

Strategic Recruitment

“Build the Future, the Graduate Program”, “Make It, Manufacturing career at Prysmian Group” and “SELL IT; a growing path at Prysmian Group”: 120 new staff are ready to join the Group in 2017, which confirms the great success of the two strategic recruitment programmes aimed at building the future of our business.

Training and development

For 2017, Prysmian Group Academy plans to run more than 60 Technical/Managerial courses with the aim of diffusing technical and specialist knowledge and of strengthening the managers' ability to guide the business and manage their staff along with the many change processes currently under way on the industrial, strategic, organisational and commercial front.

In particular, the School of Management will launch the following initiatives:

- the first edition of the Women in Leadership Program (WLP) that, as part of SIDE BY SIDE, the project to promote diversity within the Group, and in collaboration with SDA Bocconi and Valore D, seeks to train a group of talented women from various countries and regions within the Group on the topics of strategy, leadership, social intelligence and the change management;
- a broader programme of awareness about diversity matters, again as part of the SIDE BY SIDE project. Initially, those attending the courses provided by the School of Management will be involved;
- the first edition of the Telecom Business Leadership Program, which is an induction programme for new recruits of the Telecom BU who are not involved in other programmes at the School of Management. Lecturers from SDA Bocconi and BU managers and senior managers will talk to the participants on such topics as strategy, market, business, finance, culture and organisation.

Activity at the Professional School during 2017 will, on the other hand, include:

- strong commitment to preparing for the start-up of the Group's Technology and Product school in Lexington;
- expansion of the Digital Academy, with further innovations in the types and methods of learning;
- launch and implementation of training programme on compliance matters in general and anti-trust issues in particular. This programme, to be delivered to a large number of managers working in the Sales function, will consist of a mixture of digital and classroom training. The purpose of both initiatives is to increase the awareness of participants about the importance of adopting managerial practices founded on ethics and integrity.

Performance, Career and Total Rewarding

In line with the strategic development of the business and the systems for managing the performance and careers of employees, the integrated management of talent on a meritocratic basis is becoming of more central importance. Accordingly, the systems for the management of performance (P3) and scouting for

potential (P4) will be supplemented with reward policies, thus structuring all initiatives to quantify the value of merit and making them more transparent.

Sharing of knowledge: learn from others

Last October, 10 employees of the Supply Chain and Corporate Purchasing functions at various factories in the Netherlands participated in a two-day meeting in Delft (Netherlands) on Good Practices, with a view to enhancing coordination and efficiency among business functions and improving the safety and performance of the Compliance lines.

INTERNATIONAL MOBILITY

As of 31 December 2016, the Prysmian Group's expat population counts about 233 employees from about 30 different countries (36% are Italians) who are living in 36 different destination countries. Of these, 72% are at a non-executive level and 16% are women. There were 88 new departures during 2016.

These statistics evidence the importance of the international mobility programme within the Group. International mobility is an integral part of the Group's policies for the growth and development of talent. On the one hand, it spreads the culture and values of Prysmian to all countries and Group affiliates, which is a need that became central following the acquisition of the Draka Group in 2011. On the other hand, international mobility helps to meet local organisational requirements, via the transfer of managerial and technical know-how from one country to another.

In this regard, the implementation of the new policy and mobility processes continued during 2016, with a view to aligning Prysmian's policy with the most advanced market practices, in order to facilitate expatriation even outside of the Group's headquarters, align the conditions and segment the various types of assignment. International experience is also central to the professional and managerial growth of the young talents participating in the Graduate programme.

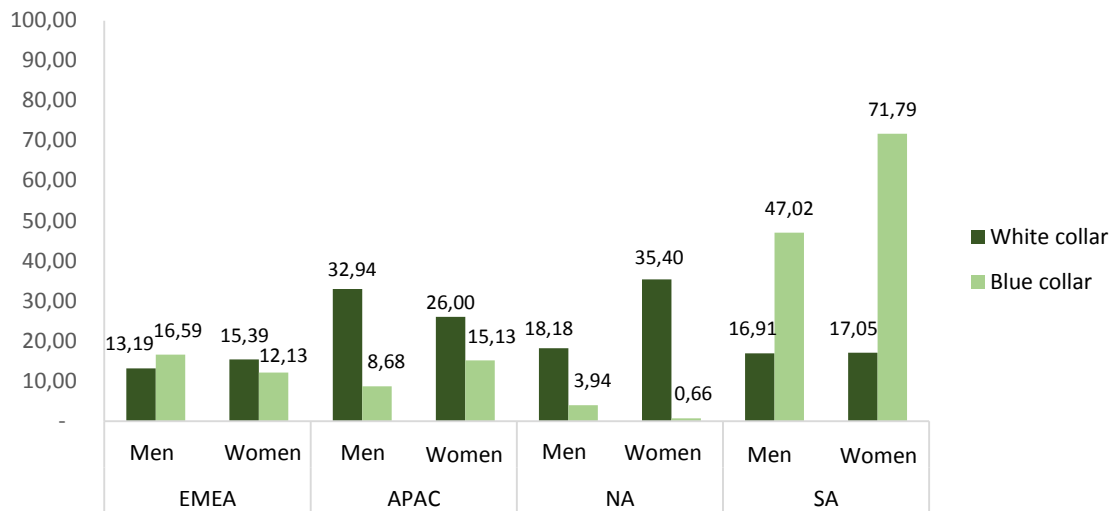
During 2016, 40 new graduates from 18 countries of origin commenced an international experience due to last two years in 19 destination countries.

Despite this great attention to internationalism and the cross-country development of resources, the Prysmian Group also dedicates much energy to appreciation of the cultural diversity that exists within each country where the Group is present. About 58% of the Group's senior executives work in their country of origin.

International mobility during 2017 will again focus on guaranteeing the success of the international assignments, as measured in terms of its effectiveness in transferring know-how and developing the local team. Efforts will also be made to improve the career planning for expatriates on completion of their international assignment.

The success of the international mobility policy very much depends on expatriates sharing and strengthening Prysmian's identity, culture and values with local teams, thus strengthening cohesion, while also drawing on the diversity of talent available across borders in order to obtain superior results for the Group.

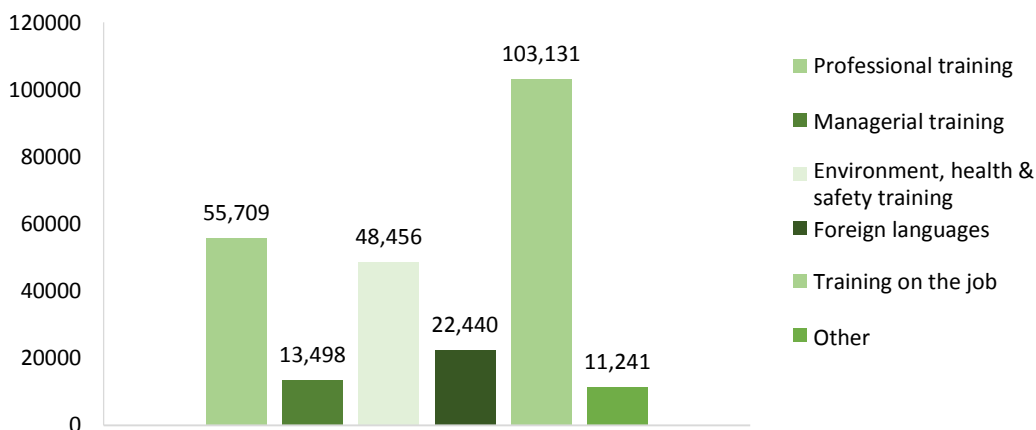
PER CAPITA TRAINING HOURS BY EMPLOYMENT CATEGORY AND GENDER



The chart¹⁷ shows the per capita training hours delivered at some of the Group's main locations during 2016. Between June and October 2016, 22 executives based in Milan were involved in a Neuro-empowerment training programme. As part of this initiative, they participated in training exercises covering memory, attention, perception and the management of emotions and stress that, supplemented by neuro-scientific research, technology, learning design and coaching, helped them to improve their mental wellness and work performance.

TRAINING HOURS DELIVERED BY TYPE

The chart¹⁸ shows the training hours delivered at some of the Group's main locations, analysed by type. The main types of course included training on the job, professional training and training on health, safety and environmental matters.



¹⁷ The following countries are included: Brazil, China, Czech Republic, Denmark, Estonia, Finland, France, Germany, Headquarters, Hungary, Indonesia, Italy, Malaysia, Netherlands, Norway, Philippines, Romania, Russia, Singapore, Slovak Republic, Spain, Sweden, Thailand, Turkey, United Kingdom, USA.

¹⁸ The following countries are included: Brazil, China, Czech Republic, Denmark, Estonia, Finland, France, Germany, Headquarters, Hungary, Indonesia, Italy, Malaysia, Netherlands, Norway, Philippines, Romania, Russia, Singapore, Slovak Republic, Spain, Sweden, Thailand, Turkey, United Kingdom, USA.

Remuneration policies

The Compensation & Benefit policies adopted by the Prysmian Group are designed to attract and retain highly professional resources, especially for key positions, having regard for the complexity and specialised nature of the business. Growing internationalisation requires constant focus on the different geographical realities in order to ensure assignment of the right talents in the context of a competitive marketplace. The policies are defined in a way that aligns the interests of management with those of shareholders, pursuing the priority objective of creating sustainable value over the medium-long-term by building a real, verifiable link between pay and performance both individually and at Group level.

These policies are defined and implemented centrally in relation to executive personnel (about 300 employees) and expatriates (233 employees), but are addressed locally for all other employees subject to the guidelines which are issued centrally.

The main new measures introduced in 2016 were:

- Launch of the special-rate share purchase plan (named YES) for the period 2016-2018;
- Introduction of a sector benchmark for the executive directors;
- Launch of a total reward project that links remuneration policies more directly with processes of assessing performance and potential.

In addition, detailed and specific analyses of earning levels were carried out in certain pilot countries during 2016, in order to develop a method of analysis that can be implemented by all divisions within the Group. In particular, data was analysed for the population in a number of the Group's main regions.

The remuneration policy for executive directors and executives with strategic responsibilities is determined as the result of an agreed and transparent process, during which the Compensation and Nominations Committee and the Board of Directors of the Company both play a central role. Every year, in fact, the Compensation and Nominations Committee submits the remuneration policy to the Board of Directors for approval and checks on its application during the year.

The pay structure for executive directors and managers with strategic responsibilities and executives comprises a fixed component, a short-term variable component and a medium-long-term variable component. The monetary-equity offer is supported by additional benefits such as supplementary welfare, additional medical care, personal accident policies, a company car for staff who are entitled to one, and company canteen or restaurant vouchers. These benefits are adapted to local conditions, having regard for market characteristics and relevant regulations. All employees in the Milan office have access to doctors at specialist medical facilities, and their children can obtain grants for advanced secondary education and for their university studies. The benefits available to full-time workers are also available to those on part-time contracts. The analysis was broadened in 2016 to include such new “intangible” benefits as smart working and flexible hours.

Work also continues on the global mapping of benefit policies, prior to commencing rationalisation work and welfare development projects.

After this analysis, the Group intends to evaluate the implementation, where possible, of flexible benefit projects and the launch of new initiatives that draw on existing approaches. Greater focus and investment in this area will undoubtedly improve employee engagement and, consequently, the results of the Group. This

focus on individuals is confirmed by the Prysmian Group's commitment to investing in the development of employee-company relations, via numerous initiatives designed to encourage involvement. The Group also signs agreements with external partners for the supply of products and services on attractive terms to employees, such as discounts on theatre tickets, gym subscriptions, magazines and products purchased in shops. Notable initiatives include that of Prysmian Australia which, via the issue of discount coupons and other benefits for employees, has launched a partnership with a supplier and an on-line and mobile service that allows benefits to be customised to meet the needs of each person. In addition, Prysmian Hungary organised a corporate family day and other minor events during the year, while action taken in Romania promoted health insurance discounts for employees, as well as the implementation of a welfare policy that supports the families of employees afflicted by serious or incurable illnesses. Prysmian Brazil has also taken similar action, while also providing its employees with health cover.

Following a trial last year, Prysmian Russia offers employees a chance to send their children to summer camps, with 80% reimbursement of the cost. Additionally, the most deserving children of employees are eligible for study grants from the age of 14 until they graduate from University.

In Finland, Prysmian has promoted healthcare designed to increase wellness in the workplace, involving medical examinations, vaccines and other specific procedures.

The Prysmian Group also provides a series of post-employment benefit plans via programmes that include defined benefit plans and defined contribution plans.

The defined contribution plans envisage payment by the Group, based on legal or contractual obligations, of contributions to public or private insurance institutions.

The Group satisfies its obligations by making these contributions. The defined benefit plans principally include pension funds, employee severance indemnities (for Italian companies), medical care plans and other benefits, such as long-service awards.

The remuneration policy and long-term incentive plans were well received by the stakeholders (votes in favour exceeded 98%), whose opinions and feedback are considered when preparing the annual policy. In fact, the human resources department analyses the reports and opinions obtained from the main proxy advisors about the compensation report and the incentive plans, and recommends amendments and changes in practices in response to this input.

In the context of transparency on compensation matters, the Group has issued guidelines in accordance with local laws to link pay measures to all levels of the organisation, while variable pay schemes will be linked to individual performance appraisal. The fixed element of remuneration is reviewed annually and, if necessary, updated to remain competitive with market conditions, while also considering internal equity, personal performance and the requirements of local regulations. This meritocratic approach is based on a global system of performance assessment (P3) that is applied on a consistent basis throughout the entire Group.

YES: YOUR EMPLOYEE SHARES

Towards the end of 2013, the Group launched the YES (Your Employee Shares) Plan, which is a share ownership scheme open to all employees. The Plan has been introduced in 28 countries, informing employees via an intensive communications campaign and dedicated training sessions. The plan regulations allowed employees to purchase Prysmian shares, in certain time windows during 2014, 2015 and 2016, on

advantageous terms with the agreement not to sell the shares for at least 36 months subsequent to their purchase date. Employees would have obtained shares at a variable discount, ranging from 1% for the Chief Executive Officer and Senior Managers, to 15% for other executives and 25% for the remaining employees, in order to encourage employees at all levels to take part. In addition, all participants were given 6 free shares as a welcome bonus. The objectives pursued by this plan are to increase the involvement, sense of belonging and business understanding of our employees, confirm the shared, long-term mutual interests of employees, customers and shareholders, and strengthen the internal perception of the Prysmian Group as truly "One Company". In short, the wish expressed by the Group via the launch of this plan is to encourage employees to become stable shareholders, thus making them owners of a small part of the business in which they work.

The YES programme has proved to be a real success. It was taken up by more than 7,200 employees: around 44% of the entitled population became shareholders. Participation in the Plan in certain countries was very high throughout the entire three-year period. For example, almost all staff in Romania joined the plan, 85% in Turkey and about 65% at the Milan head office. The results of the programme are summarised below:

- Over 7,200 employees involved, being 44% of those entitled;
- 16.8 million euro invested;
- 420,000 treasury shares assigned to employees.

Following the success of YES, a meeting was held at the Milan Stock Exchange during 2016, where over 200 employees from many countries, acting as YES ambassadors, participated in one day of courses on the programme.

The high level of participation convinced Prysmian to extend the programme with a few changes for another three years, with a view to increasing employee share ownership to at least 1.5% of the total.

The Shareholders' Meeting held in April 2016 approved extension of the plan to 2019, raised the number of bonus shares at the time of subscription (8 for those who have already participated, 3 in subsequent years), introduced a loyalty bonus for those who decide to extend the lock-up period for their shares, and improved the flexibility of the plan rules (multiple windows, purchase close to the subscription, exit clauses linked to the personal life of individuals).

The promotional campaign carried out in December 2016 suggests that the results will be good, with a considerable number of acceptances (5,200 participants) and investment estimated to exceed 6 million euro. Based on this, more than 50% of employees will be shareholders. The shares will be purchased during 2017.

New three-year plan for YES – Your Employee Shares

Prysmian has launched a new three-year share participation plan reserved for employees. This plan, named YES – Your Employee Shares, has already generated much interest within the Group and, to date, more than 40% of the Group's approximately 20,000 employees in 50 countries have become shareholders. "Our objective – explained Valerio Battista – is for employee shareholders to represent 1.5% of the shareholder base by the end of this second three-year period. The alignment of the interests of shareholders and employees is of fundamental importance for a public company like Prysmian". "However – added Fabrizio Rutschmann, SVP Human Resources & Organization – we don't just want to offer our employees a financial investment opportunity. Our objective is to promote their involvement and awareness that we all work for a common goal, which is the creation of value for the benefit of all stakeholders, both inside and outside the Group."

YES represents one of the various programmes for the employees of the Prysmian Group, which constantly promotes policies designed to develop and train our personnel and position the Group among the leaders in People Value Management.

COMMITMENTS FOR THE FUTURE

For 2017, the Group has planned new transparency and process automation activities with regard to pay issues, designed to simplify procedures and provide employees with immediate information.

Diversity and equal opportunity

Prysmian has identified the promotion of diversity and equal opportunity as a strategic objective for the management of human resources. Given this commitment, the Group has begun by implementing a global Diversity and Inclusion Policy and developing a number of supporting initiatives.

During 2016, Prysmian launched the “Side By Side” programme with a view to promoting and supporting diversity within the Group. The initial scope of this activity is to support gender diversity and then extend to diversity of other kinds (age, culture etc.). This programme is founded on four pillars:

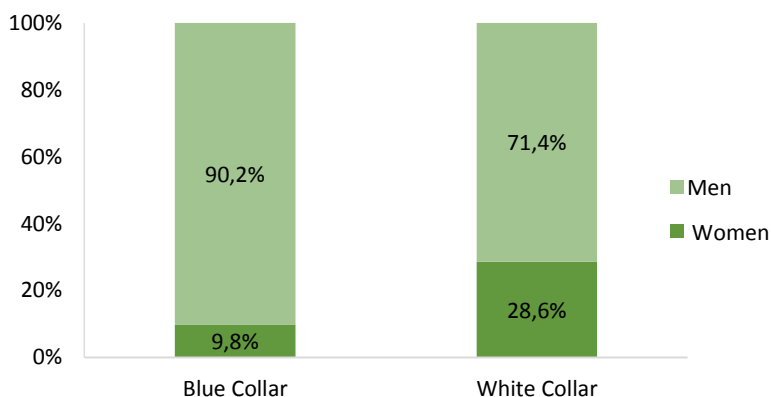
- In addition to the Diversity and Inclusion Policy that has already been defined and communicated, recruitment and gender equality policies will also be disseminated;
- Identification of quantitative objectives for female participation at each level of the business and for inclusion in HR processes (e.g. selection);
- Specific internal and external communications campaigns;
- Development and delivery by the Prysmian Academy of training and awareness-building initiatives about diversity. In order to ensure maximum employee agreement and involvement, all initiatives will be designed with the help of focus groups comprising persons at all levels within the organisation and of all ages.

The project was presented to and approved by senior management during 2016 and the first initiatives will take place in 2017.

Another Prysmian objective is to increase the female presence at each organisational level by 2020, with set targets for the inclusion of female candidates in the personnel selection process.

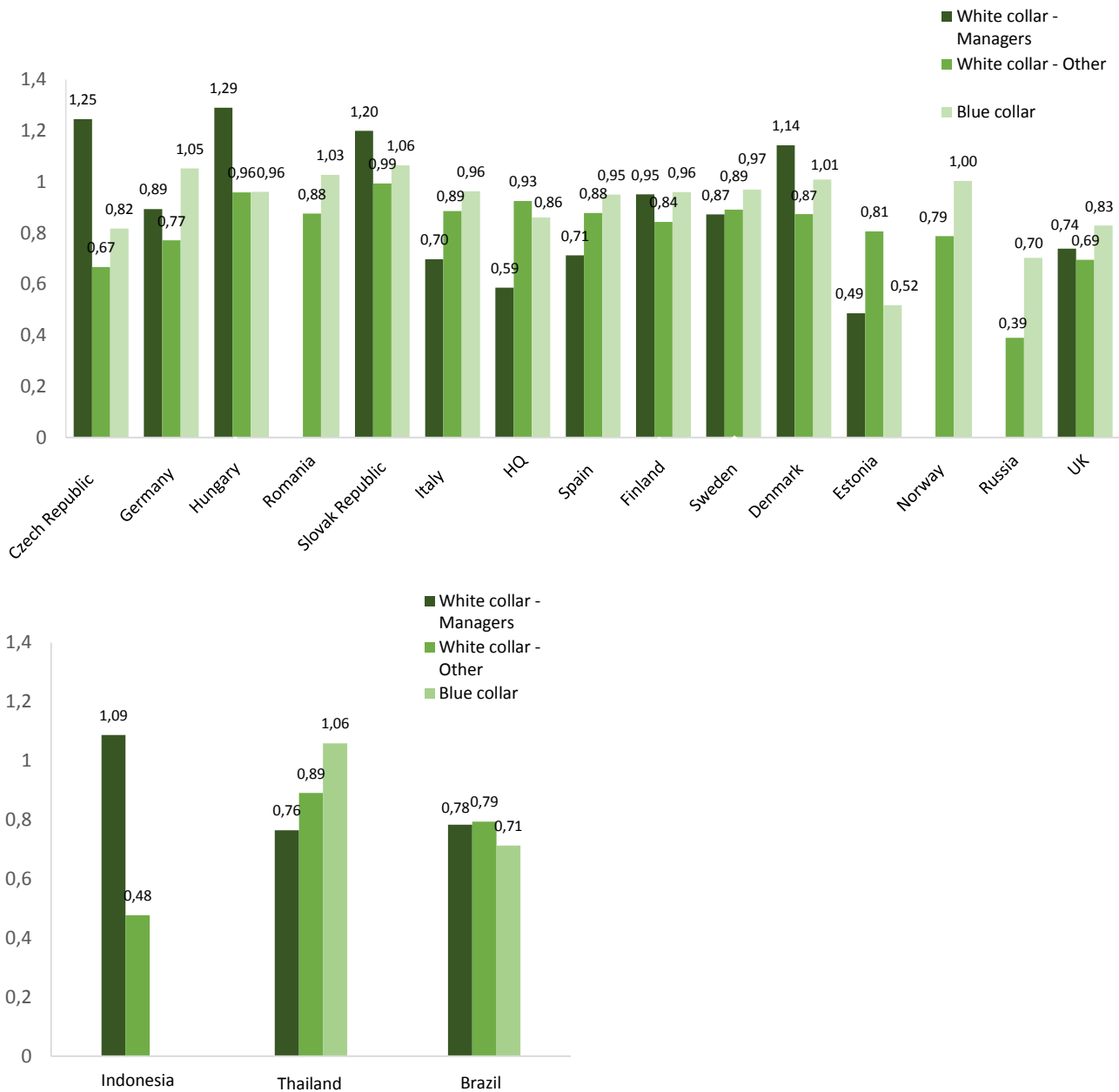
EMPLOYMENT BY GENDER AND PROFESSIONAL CATEGORY AS OF 31 DECEMBER 2016¹⁹

About 15% of Group employees in 2016 were women. 9.8% of blue-collar staff are women, while this quota is almost 30% in the white-collar category.



¹⁹ Headcount data at year end, including solely the employees of companies that are Group subsidiaries or subject to management and control. This data represents 100% of total employment by the Prysmian Group (excluding OCI and OAPIL).

RATIO OF REMUNERATION OF WOMEN TO MAN BY EMPLOYEE CATEGORY (BASIC GROSS SALARY)

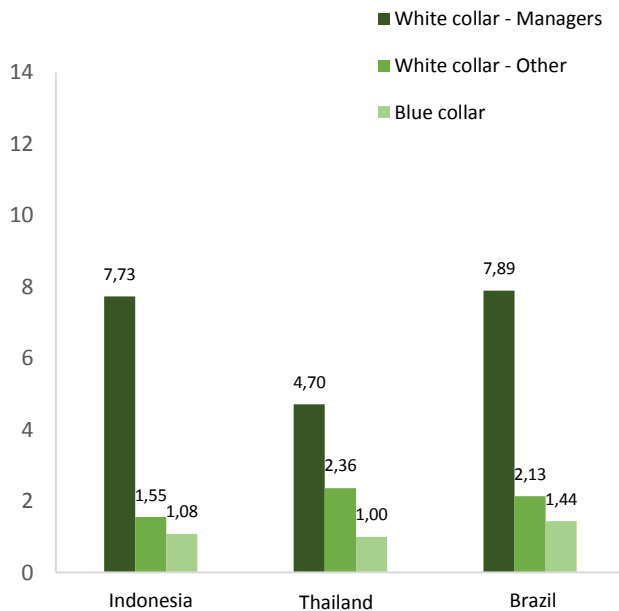
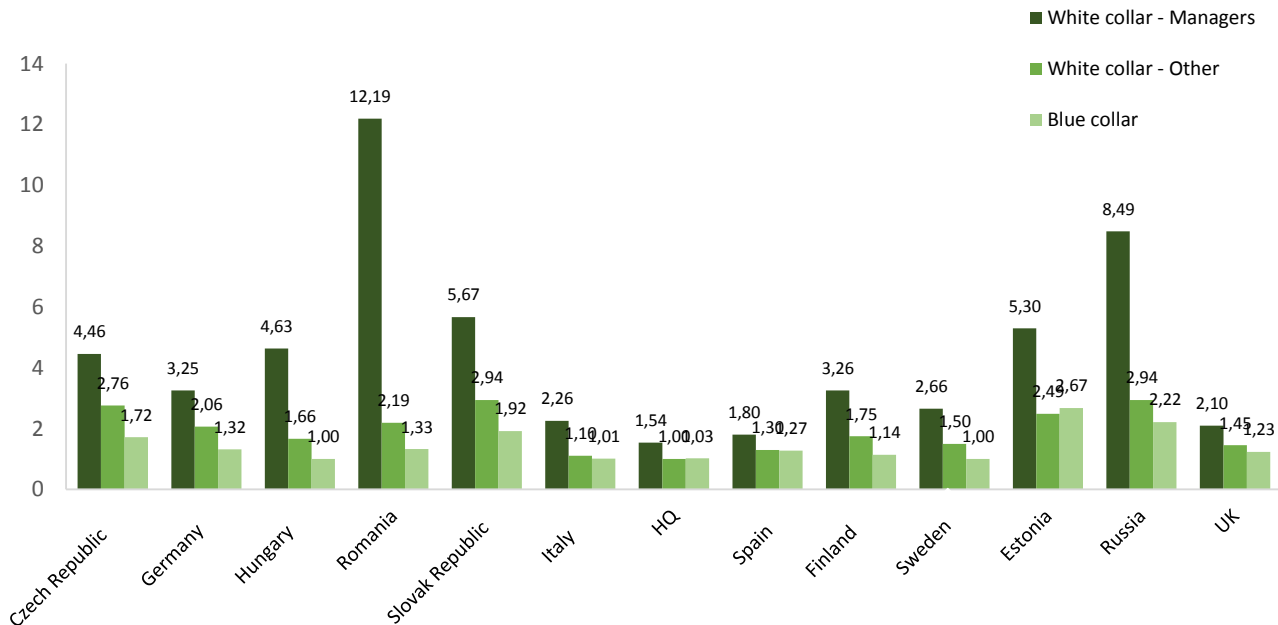


Once again, in 2016 there was still a pay imbalance in favour of men in some countries in which Prysmian operates, despite the significant progress made in recent years to close the gap.

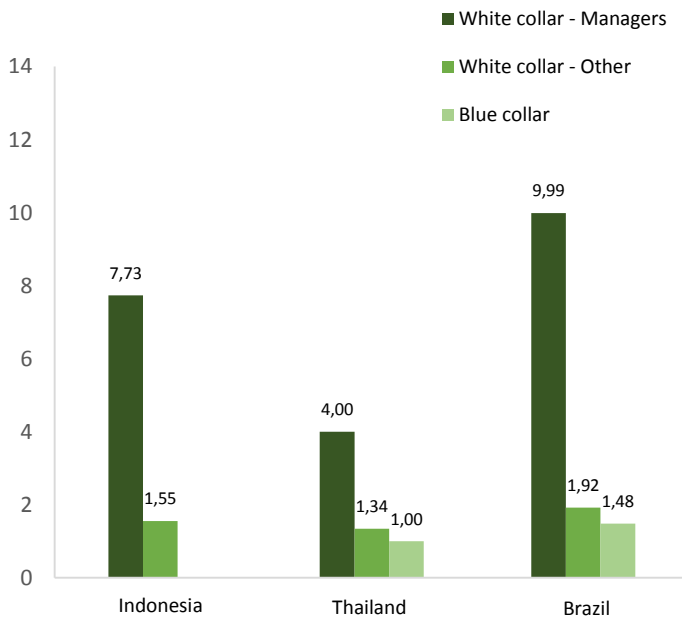
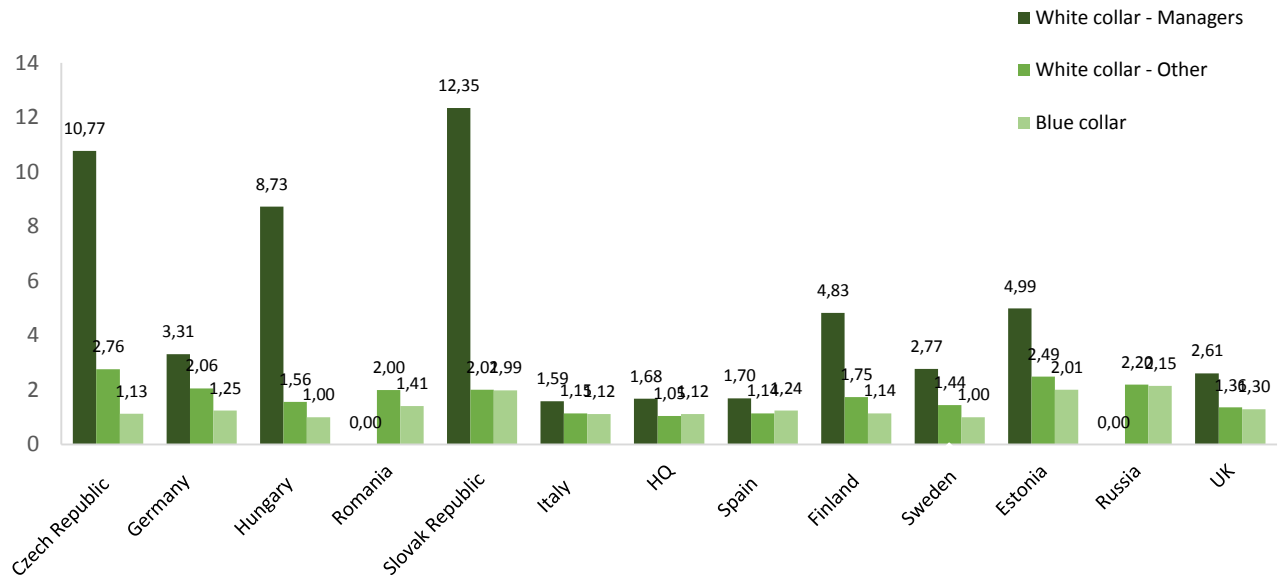
RATIO OF BASIC SALARY TO THE MINIMUM SALARY SPECIFIED IN THE NATIONAL CONTRACT, BY GENDER

The graph shows that in 2016 the ratio between the basic salary of new Group employees and the minimum local salary as determined in the national contract is significantly higher than 1, in most of the countries surveyed.

Men



Women



Industrial relations

The Group maintains constant, profitable relations with workers' representatives and trade unions. These are founded on mutual understanding and fair discussion, in the conviction that – while respecting the reciprocal roles of each party – there are common interests to be pursued via constructive dialogue. The workers' representative and trade unions are therefore free to operate in compliance with local legislation and practices.

In many of the countries where the Group has factories, 2016 was marked by the signature of agreements with workers' representatives and trade unions. These agreements covered the normal renewal of the economic and regulatory terms of current payroll contracts, as well as specific actions to improve competitiveness/reduce costs where required by market conditions.

Internal communications and involvement

Internal communications are playing a key role in supporting and facilitating integration within Prysmian, by creating shared values and informing personnel about corporate strategies and policies, as well as about the most significant events that have taken place.

Internal communications are important, not only to promote a sense of belonging among employees, but also to highlight and share with personnel the activities and projects undertaken and the goals reached. Communications are fundamental for creating a pro-active working environment, motivated to achieve common objectives. This tool draws employees closer to the strategic direction of the business, informing them about the events taking place elsewhere in the Group.

Appropriate systems of communication help to create transparent relations based on mutual trust. The most important tools employed to guarantee communications in 50 countries are:

- "Inside" (the Group Intranet), an information tool designed to create a global community that helps to establish a common identity within the Group. The Intranet functions as an on-line magazine for around 8000 white-collar workers, and is managed by an editorial committee with members in each country, business and division.
- "Insight", the Group's quarterly magazine dedicated to all internal and external stakeholders. Published on the website, this magazine is a privileged channel for reporting regularly on the progress of the Group, from the latest financial results to changes in the share price, with in-depth commentary on the businesses and the markets in which Prysmian operates, as well as a focus on individuals and the initiatives taken throughout the world;
- "YES app", created to facilitate the exchange of information with employees participating in the YES share plan, the Group's first app has become a point of reference for anyone interested in the latest information about the Prysmian Group. Its main purpose is to reach all categories of employee, especially those without a workstation with direct access to the Intranet.
- Social networks: Prysmian is active on the main social networks with its own pages, not only at corporate level but also at country level, thus facilitating interactions with employees in the local language and building brand awareness and employer branding externally.

Action to encourage involvement, intended to address better the needs of different cultures within the Group, is promoted by HR departments at both central and local level. Activity in 2016 included the internal Prysmart communications campaign dedicated to HQ employees and designed to facilitate the transfer to the new Headquarters and the adoption of smart working practices; the YES campaign to promote the new three-year share ownership plan, made using internal testimonials from every country; and the Integrity First plan that presented the whistle-blowing procedure to both white-collar and factory personnel in every country.