

**REPORT  
ON CORPORATE GOVERNANCE  
AND  
OWNERSHIP STRUCTURE**

In compliance with Article 123-BIS of the TUF

(Traditional governance and control model)

Issuer: **PRYSMIAN S.p.A.**  
Website [www.prysmiangroup.com](http://www.prysmiangroup.com)

Report for Financial Year **2015**  
Report approved on **24 February 2016**

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## GLOSSARY

**Shareholders' Meeting:** General Meeting of the Shareholders of Prysmian S.p.A.

**CFO:** Chief Financial Officer

**The Code/Code of Conduct:** the Code of Conduct for listed companies - most recently amended in July 2015 - approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. [Italian Stock Exchange], ABI [Italian Banking Association], ANIA [National Association of Insurance Companies], Assogestioni [Italian Association of Asset Management Companies], Assonime [Association of the Italian Joint Stock Companies] and Confindustria [Italian Industrial Federation].

**Civil Code /C.C.:** Italian Civil Code.

**Board of Directors/Board:** the Prysmian S.p.A. Board of Directors

**Financial Year:** the financial year of this Report

**Group/Prysmian Group:** The Prysmian S.p.A. Company and the companies under its direct and indirect control.

**CONSOB Issuer Regulations:** Issuer regulations set out by CONSOB with Resolution 11971 of 14 May 1999, as amended

**Report:** the corporate governance and ownership structure report as set out in Article 123-*bis* TUF.

**Remuneration Report:** report as set out in Article 123-*ter* TUF, drawn up pursuant to Article 84-*quater* of the CONSOB Issuer Regulations, available on the company website at [www.prysmiangroup.com](http://www.prysmiangroup.com) in the *Investor Relations/Corporate Governance/Remuneration* section.

**Company/Issuer/Prysmian:** Prysmian S.p.A. Company, with registered offices in Milan, at viale Sarca 222, tax code, VATIN and Milan Companies Register number 04866320965.

**Bylaws:** The Bylaws of Prysmian S.p.A., version updated on 16 February 2015, available on the company website [www.prysmiangroup.com](http://www.prysmiangroup.com) in the *Investor Relations/Corporate Governance/Bylaws* section.

**Consolidated Law on Finance/TUF:** Legislative Decree 58 of 24 February 1998, (as subsequently amended).

## 1. ISSUER PROFILE

Prysmian S.p.A., the holding company heading one of the world's top cable industry groups, is active in the design, development, manufacture, supply and installation of a wide range of cables for many different applications in the power and telecommunications industries.

The Prysmian Group, with offices in 50 countries, 88 manufacturing plants and some 19,000 employees, is well positioned in high-tech markets by offering an extensive range of products, services, technology and know-how. The Group is a world leader in the power cable industry, the main cable market sector by value, whilst also being a top global player in the telecom and fibre optic cable markets.

The Prysmian Group also manufactures and supplies accessories and components for cable systems and high value-added services such as products and systems design and the realization of "turnkey" projects where the Group coordinates and manages the work as well as providing preventive maintenance services.

Since 3 May 2007, Prysmian shares have been listed in the Blue Chip segment of the electronically traded equities market (MTA) managed by the Italian Stock Exchange. In September 2007, the securities were admitted to the FTSE/MIB index.

Since March 2010, following the former majority shareholder's sale of its interest in the company through an accelerated book-building procedure undertaken for selected investors, the company assumed a genuine public company structure, characterised by a wide and fragmented shareholder base.

Early in 2011, Prysmian successfully concluded a public mixed exchange and cash offer for all the ordinary shares in Draka Holding N.V., a Dutch company heading a large group of companies operating worldwide mainly in the development, manufacture and sale of power and telecom cables and systems. As a result of this transaction, Prysmian obtained control of Draka Holding N.V., thus becoming one of the world's top players in the power and telecom cables and systems industry.

The Company's Corporate Governance structure has been drawn from the recommendations and standards found in the Italian Stock Exchange Code of Conduct for Listed Companies, by which it abides.

The rules of corporate governance are a direct expression of the standards and procedures that the Company has adopted and undertakes to comply with to ensure effectiveness and transparency in all operations.

The Company has adopted a traditional administration and control model including participation of the shareholders' meeting, the board of directors and the board of statutory auditors. This corporate governance system is based on the core role of the board of directors (as the most senior body delegated to manage the Company in the interests of shareholders), on the transparency of decision-making processes, an effective internal control system, on strict rules governing potential conflicts of interest and on appropriate standards of conduct for related party transactions.

Prysmian has implemented this system by drawing up and adopting codes, standards, rules and procedures that govern and regulate the conduct of all the Company's organisational and operational bodies.

The Board of Directors has the broadest possible powers of ordinary and extraordinary administration, except for those, which by law are the exclusive prerogative of the Shareholders' Meeting. The Board of Statutory Auditors oversees compliance with the law, the Bylaws and the standards of good management in the conduct of company activities whilst also monitoring the adequacy of the Company's organisational structure, internal control, administrative and accounting systems.

The independent audit of the accounts is entrusted to a specialist firm registered at the Ministry of Economy and Finance's register of auditors and appointed by the Shareholders' Meeting.

## 2. OWNERSHIP STRUCTURE (pursuant to Article 123-bis TUF) as at 31/12/2014

### a) Share capital structure

(pursuant to Article 123-bis, paragraph 1 letter a), TUF)

Prysmian's subscribed and paid up share capital at 31 December 2015 came to Euro 21,672,092.20 divided into 216,720,922 shares, with a par value of Euro 0.10 each.

The shares cannot be split, may be freely transferred and each carries the right to one vote. Shareholders may exercise their ownership rights as provided for by the laws in force.

On 16 April 2015, the Shareholders' Meeting approved a long-term share-based Prysmian Group employee incentive scheme for the period 2015-2017. In the event of the achievement of the minimum performance objectives provided for by the incentive scheme, the issue of a maximum of 5,364,800 new ordinary shares, shall be assigned free of charge to the beneficiaries of the scheme through a share capital increase for an amount no greater than Euro 536,480, through a withdrawal from the "Reserve for share issues pursuant to Article 2349 Civil Code".

On 4 March 2013 The Board of Directors resolved the placement of an *Equity linked bond issue*, called "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018" maturing on 8 March 2018 and reserved for institutional investors. Bond placement occurred on 8 March 2013, with settlement taking place on 15 March 2013.

Subsequently, on 16 April 2013, the Shareholders' meeting resolved:

- the convertibility of this bond issue
- the proposal to increase share capital with cash, in one or several payments with the exclusion of option rights, by a maximum nominal amount of Euro 1,344,411.30, by issuing, in one or several instalments, up to 13,444,113 ordinary Company shares, with the same characteristics as its outstanding ordinary shares, exclusively and irrevocably for the conversion of the bond issue.

The initial conversion price of the bonds into the Company's existing and/or new ordinary shares is Euro 22.3146 per share.

On 24 May 2013, the securities were admitted to trading on the unregulated Third Market (a multilateral trading facility or MTF) on the Vienna Stock Exchange.

### b) Restrictions on share transfer

(pursuant to Article 123-bis, paragraph 1 letter b), TUF)

There are no restrictions on share transfer.

### c) Significant holdings in the share capital

(pursuant to Article 123-bis, paragraph 1 letter c), TUF)

Details of significant holdings in Prysmian's share capital (defined as shareholdings greater than 2% of share capital) can be found in Table 1, annexed to this Report.

This information is based on the contents of the Company's Shareholder Register

and declarations received from shareholders pursuant to Article 120 of TUF, as at 31 December 2015.

**d) Shares with special rights**

*(pursuant to Article 123-bis, paragraph 1 letter d) TUF)*

No shares have been issued that grant special rights of control  
The Bylaws do not provide for shares with multiple voting rights or increased voting rights.

**e) Employee share ownership: mechanism for exercising voting rights**

*(pursuant to Article 123-bis, paragraph 1 letter e) TUF)*

There are no mechanisms for exercising voting rights in the event of employee shareholding, when voting rights are not directly exercised by those employees.

**f) Restrictions on voting rights**

*(pursuant to Article 123-bis, paragraph 1 letter f) TUF)*

There are no restrictions on voting rights.

**g) Shareholder agreements**

*(pursuant to Article 123-bis, paragraph 1 letter g) TUF)*

No agreements as defined by Article 122 TUF are known to the Company

**h) Change of control clauses and Bylaws provisions concerning public tender offers**

*(pursuant to Articles 123-bis, paragraph 1 letter h), 104, paragraph 1-ter, and 104-bis, paragraph 1 TUF)*

As concerns significant agreements as set out in Article 123-bis, paragraph 1 letter h) TUF, note the following.

Prysmian S.p.A. and the companies under its direct and indirect control are not a part of any significant agreements, which, automatically, come into force, are amended or are terminated in the event of a change of control of the company. In this respect, it should be pointed out that Prysmian S.p.A. is characterized by a public and varied shareholding structure that owns its share capital, thereby giving it the structure of a public company. Therefore, the Company is not subject to either the control, direction or coordination of other subjects as is better detailed in paragraph 2.1.

Nevertheless, it should also be noted that some agreements, mainly financial and commercial ones, which take on significance on a Group level, govern the possibility of a change in control of Prysmian S.p.A., generally providing for the option of the counterparties to amend or terminate the agreement upon the occurrence of said circumstance.

The Bylaws contain no provisions that

- waive the provisions of the passivity rule provided for by Article 104, paragraphs 1 and 2 TUF;
- provide for application of the neutralization rules provided for by Article 104-bis, paragraphs 2 and 3 TUF.

**i) Authority to increase share capital and authorisations to buy back shares**

*(pursuant to Article 123-bis, paragraph 1 letter m) TUF)*

The Shareholders' Meeting has not resolved to give the Board of Directors the authority to increase share capital pursuant to Article 2443 Civil Code, nor is it foreseen that the Board will be given the authority to issue participating financial instruments.

On 16 April 2015, the Shareholders' Meeting authorized the Board of Directors to adopt a purchase and placement plan for treasury shares, to be enacted one or more times, for a maximum number of shares possessed that will not exceed, at any given time, the number of shares required to make up 10% of the share capital, also considering the treasury shares already held. The adoption of any plans was given over to the Board for a period of 18 months from the date of the aforementioned resolution, that is, up to 16 October 2018.

During the financial year, a part of the treasury shares held by the Company were assigned to the long-term incentive plan beneficiaries for the period 2011-2013, approved by the Shareholders' Meeting on 14 April 2011, and to the Prysmian Group employees who chose to participate in the first phase of the discounted share purchase plan. For details on the aforementioned scheme, see the Prysmian Group Consolidated Financial Statements ("Incentive Plans" paragraph of the Report on Operations), the relevant information documents drawn up pursuant to Article 84 *bis* of the CONSOB Issuer Regulations and the Remuneration Report, published on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance/Remuneration Policy*.

Taking into account the operations undertaken in the execution of the foregoing schemes, as at 31 December 2015 the Company directly and indirectly held 2,707,176 treasury shares.

**l) Direction and coordination (pursuant to Article 2497 c.c., as amended)**

The Company heads the Prysmian Group and performs direction and coordination activities for its direct or indirect subsidiaries pursuant to Article 2497 Civil Code. The Company, not subject to the control, direction or coordination of other entities, is independent in the choices that determine the:

- (i) drafting of industrial, strategic and financial plans or budgets for the Group
- (ii) issue of guidelines on financial and credit policy
- (iii) centralization of functions such as treasury, administration, finance and con-

trol

- (iv) establishment of Group growth strategies and its strategic and market positioning as well as for the individual companies, especially when these policies might influence and determine actual implementation by Company management.

This situation is further confirmed by the Company's being structured as a *public company* since March 2010, which, among other things, has led to the absence of a reference shareholder.

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It should be noted that:

- the information required by Article 123-bis, paragraph 1, letter i) ("*Agreements between the company and the directors which provide for indemnity in the event of resignation or dismissal without just cause or if the employment relationship ceases following a public tender offer*") is to be found in the Remuneration Report and briefly summarized in Section 8 of this report on the remuneration of directors;
- the information required by Article 123-bis, paragraph 1, letter l) ("*Rules applying to the appointment and replacement of directors ... and to amendments to the Bylaws, other than for compliance with legal and regulatory requirements*") is illustrated in section 4.1 of this report on the Board of Directors 4.1).

### **3. COMPLIANCE** **(pursuant to Article 123-bis, paragraph 2 letter a) TUF)**

The Company's Corporate Governance structure has been drawn from the recommendations and standards found in the Code of Conduct, by which it abides, approved by the Corporate Governance Committee in March 2006, which was then amended in March 2010 and further updated in December 2011, July 2014 and July 2015. The foregoing Code of Conduct may be accessed by the public on the Corporate Governance Committee website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

As at 31 December 2015, Prysmian directly and indirectly controlled 143 companies with registered offices in Italy and other countries. No provision of law applying to Group companies registered in states other than Italy has any influence on Prysmian's corporate governance structure.

## 4. BOARD OF DIRECTORS

### 4.1. APPOINTMENT AND REPLACEMENT

#### *(pursuant to Article 123-bis, paragraph 1 letter l) TUF)*

Pursuant to the Bylaws, the Company is managed by a Board of Directors comprised of between 7 and 13 members, who hold office for a period of no more than three financial years and are eligible for re-election. The members of the Board of Directors must meet the requirements for competence, integrity and independence set out by applicable law. To this end, it should be noted that the Bylaws do not contain any additional provisions on the requirements necessary for the recruitment of Directors.

At least one of the Directors - or two if the Board of Directors has more than seven members - must meet the independence requirements applying to Statutory Auditors under Article 148, paragraph 3, TUF. The Directors' term in office shall expire on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term.

In compliance with the provisions introduced in TUF, the Company has adopted a slate voting mechanism for the appointment of Directors, in order to allow, where possible, the election of Directors by minority shareholders. The appointment of the Board of Directors takes place on the basis of slates submitted by the outgoing Board of Directors and/or by those shareholders who, alone or together with other shareholders, hold shares representing at least 2% of the share capital eligible to vote at the Ordinary Shareholders' Meeting, or such lower percentage established by law or regulation. In compliance with CONSOB Decision 19499 on 28 January 2016, the minimum shareholding requirement for submitting candidate slates for 2016 is 1%.

Candidate slates must be filed at the Company's registered offices at least twenty-five days before the date set for the Shareholders' Meeting. Together with each slate, within the aforementioned term, the statements with which each candidate accepts candidacy must be filed, including any indications of their candidacy as Independent Director, and their *curriculum vitae*.

The slate voting mechanism shall not apply if it is necessary to replace vacated Directors during their term in office.

Procedures for the submission of slates, for holding elections, for voting and for the replacement of directors who vacate office during their mandate are in the Bylaws. Below is an extract from Article 14 of the Bylaws concerning the methods for creating and filing slates for appointing Board of Directors candidates.

*"... The Board of Directors shall be appointed, in compliance with currently applicable regulations on gender balance and pursuant to the following paragraphs, based on slates submitted by shareholders wherein each candidate shall be listed with a sequential number.*

*The outgoing Board of Directors are entitled to submit slates, as are as those shareholders who, alone or together with other shareholders, represent at least 2% (two per cent) of the share capital eligible to vote at ordinary Shareholders' Meetings, or representing a lower percentage as may be required by applicable law or regulations. Ownership of the necessary number of shares for submitting a slate must be proven in the manner and terms required by current regulations. No shareholder or shareholders belonging to the same group or who are connected, even indirectly, may - even through an intermediary or trustee - submit or contribute to the submission of more than one slate. No candidate may appear on more than one slate, under*

*penalty of disqualification. No candidate who is not in possession of the requirements set out in applicable laws may be included on the slate. The first and second candidates on each slate must meet the legal independence requirements.*

*Slates with at least three or more candidates shall include candidates from both genders, so that at least one third (rounded upwards) of the candidates belong to the less well represented gender.*

*The Board of Directors slate, if submitted, must be filed with the Company's registered offices by the thirtieth day before the date set for the first call of the Shareholders' Meeting and formally published in accordance with the terms of the following paragraph.*

*Without prejudice to the foregoing, slates must be filed with the Company's registered offices and published in compliance with prevailing law. Within the same deadline, each candidate shall file, together with each slate, a declaration confirming his/her candidacy and certifying, under his/her own liability, that there are no reasons why he/she might be ineligible or incompatible for the position and that he/she meets the requirements set out in applicable laws and the Bylaws. Each such declaration shall be accompanied by a curriculum vitae describing the candidate's personal and professional background, also indicating whether he/she would qualify as an independent director. Persons eligible to vote may vote for only one slate. Any slates that do not comply with the foregoing requirements shall be disregarded.*

Below is an extract from Article 14 of the Bylaws concerning the appointment of the Board of Directors through slate voting and the takeover mechanism to ensure that the composition of the Board complies with the currently applicable regulations on gender balance.

“...

*The following procedure shall be observed for the election of the Board of Directors: (a) five-sixths of the directors to be elected shall be chosen from the slate that obtains the majority of the votes cast by the shareholders, in the order in which they are listed on the slate; if five-sixths represents a fractional number, it shall be rounded down to the nearest whole number; (b) the remaining directors shall be taken from the other slates; for this purpose the votes obtained by these slates shall be successively divided by one, two, three, four and so on according to the number of directors to be elected. The quotients thus obtained shall be allocated to the candidates on each slate in the order specified thereon. The quotients allocated to the candidates on the various slates are then organised into a single decreasing ranking. Those with the highest quotients are elected. If several candidates have obtained the same quotient, the candidate on the slate that has not yet elected any directors or that has elected the least number of directors shall be elected. All this is with the understanding that at least one director shall be taken, if submitted and voted, from a slate submitted by shareholders not connected, either directly or indirectly, with those who submitted or voted for the slate that obtained the majority of votes cast.*

*If none of such slates has yet elected a director or they have all elected the same number of directors, the candidate from the slate that obtained the highest number of votes shall be elected. If the different slates receive the same number of votes and their candidates have been assigned the same quotients, the entire Shareholders' Meeting shall vote again. The candidate obtaining the simple majority of votes cast shall be elected.*

*In addition, if the above procedures do not ensure that the composition of the Board of Directors complies with currently applicable regulations on gender balance, the candidate from the best represented gender elected last in numerical order on the*



so limit any adverse effects of management changes.

The implementation process of the succession plan examined by the Board of Directors initially involved identifying which company officers and functions fell within its scope. As an outcome to this process, in addition to those of executive directors, also key managers and, at the Remuneration and Appointments Committee's recommendation, other management positions deemed of particular importance, were identified as significant positions.

In order to define the criteria for identifying possible candidates to succeed to such positions, the Remuneration and Appointments Committee, with the assistance of an external consultant, then initiated a series of interviews with the individuals currently holding the offices involved and with a group of potential internal candidates for succession.

According to the succession plan, specific performance evaluation and leadership programmes shall be set out to develop and prepare internal candidates for succession.

In 2015, the Prysmian Group has decided to adopt a talent evaluation process and subsequent drawing up succession plans called "P4" (Prysmian People Performance Potential).

The new process, defined in collaboration with the consulting firm Mercer, has as main objectives:

- strengthen, improve and disseminate the methodology tested in the Prysmian Group in 2012;
- align the succession planning process to the provisions of the Code of Conduct;
- reduce the risk of discontinuity in the Group management;
- identify internal/external options with the aim of a succession in the short or medium term;
- ensure the internal meritocratic development of the resources to ensure the continuity of the Group.

This process, developed thanks to the contribution of about 35 interviews with the Group's key managers that have led to the definition of talent features to Prysmian, it is managed by an on-line tool, and follow a defined schedule in three main phases:

1. *Talent Identification* (April): each manager is required to make an assessment on some personal characteristics of their employees who have had a very good performance evaluation (P3) for at least two years, and to express an overall opinion on their potential development and career.
2. *Discussion on succession* (May / June): the management team of each country or business unit is called to discuss the results of the phase of individuation, confirming whether or not the placement of resources in a readiness matrix (Performance and Potential).
3. *Pool of talent and succession tables* (May / June): the main outputs of the preceding discussion are the talent pool, which highlight the position of the resource in the readiness matrix and its organizational level. Through the use of the talent pool each country / BU will lead to proposals for the planning succession.

The P4 process will be used to define a selective talent pool for succession in top positions and on this will be engaged an additional work of the Remuneration and the Nomination Committee and of a third part.

## 4.2. COMPOSITION

### (pursuant to Article 123-bis, paragraph 2 letter d) TUF)

The Company is currently managed by a board of eleven directors. The three-year term of the Board of Directors in office commenced on 16 April 2015 when the Shareholders' Meeting determined that the new Board of Directors should have 11 members and appointed them using the slate voting mechanism.

On that occasion, the following three slates of candidates were filed for renewal of the Board of Directors:

**Slate 1**, submitted by the outgoing Prysmian Board of Directors:

1. Maria Elena Cappello (independent)
2. Claudio De Conto (independent)
3. Massimo Battaini,
4. Valerio Battista,
5. Pier Francesco Facchini,
6. Fabio Ignazio Romeo,
7. Monica de Virgiliis (independent),
8. Maria Letizia Mariani (independent),
9. Massimo Tononi (independent),
10. Cristiano Tortelli (independent),
11. Sabrina Delle Curti (independent).

**Slate 2**, submitted by the shareholder Clubtre S.p.A., owner of 12,690,312 ordinary shares, equal to 5.856% of Prysmian share capital:

1. Giovanni Tamburi (independent),
2. Alberto Capponi (independent).

**Slate 3**, submitted jointly by the shareholders Aletti Gestielle SGR S.p.A. manager of the fund: Gestielle Obiettivo Italia; Anima SGR S.p.A. manager of the funds: Anima Geo Globale, Anima Star Italia Alto Potenziale and Anima Visconteo Fund; Arca S.G.R. S.p.A. manager of the fund: Arca Azioni Italia; Ersel Asset Management SGR S.p.A. manager of the fund: Fondersel PMI; Etica Sgr Spa manager of the funds: Etica Azionario, Etica Bilanciato and Etica Obbligazionario Misto; Eurizon Capital S.G.R. S.p.A. manager of the fund: Eurizon Azioni Italia; Eurizon Capital SA manager of the funds: Eurizon Investment SICAV – PB Equity EUR, Eurizon EasyFund – Equity Italy LTE, Eurizon EasyFund – Equity Euro LTE, Eurizon EasyFund – Equity Industrials LTE and Eurizon EasyFund – Equity Italy; FIL Investments International manager of the funds: Fidelity Funds - Italy Pool; Fideuram Investimenti S.G.R. S.p.A. manager of the fund: Fideuram Italia; Fideuram Asset Management (Ireland) Limited manager of the funds: Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav manager of the fund: Interfund Equity Italy; Mediolanum Gestione Fondi SgrpA manager of the fund: Mediolanum Flessibile Italia; Mediolanum International Funds Limited - Challenge Funds; Pioneer Asset Management SA manager of the funds: Pioneer Funds - Italian Equity; Pioneer Investment Management SGRpA manager of the fund: Pioneer Italia Azionario Crescita; Ubi Pramerica SGR manager of the funds: Ubi Pramerica Azioni Italia, Ubi Pramerica Multiasset Italia, Ubi Pramerica Azioni Euro and Ubi Pramerica Azioni Europa, owners of 6,500,861 ordinary shares,

equal to 3.00% of Prysmian share capital:

1. Paola Petrone (independent),
2. Giovanni Chiura (independent).

Based on the three slates submitted, the first nine candidates indicated in Slate 1 filed by the Board of Directors were appointed as Directors, voted by the majority of those with voting rights participating in the Shareholders' Meeting, equal to approximately 78% of the share capital present or represented, and the first two candidates indicated in Slate 2 filed by the Shareholder Clubtre S.p.A., voted by a minority of those with voting rights participating in the Shareholders' Meeting, equal to approximately 12.5% of the share capital present or represented. No candidate from Slate 3 was appointed, having been voted by those with voting rights who represented approximately 5.1% of the share capital present or represented.

The three-year term of the Board of Directors currently in office will expire on the date the Shareholders' Meeting approves the financial statements for the year ended 31 December 2017.

The composition of the Board of directors has not changed since the close of the financial year.

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***Director's personal and professional characteristics***  
*(Article 144-decies CONSOB Issuer Regulations)*

Below there are short curriculum vitae for each Director, in office at the date of this Report, including personal details, field of expertise and experience.

**Massimo Tononi**

*Chairman of the Board of Directors – Non-Executive and Independent Director*

He was born in Trento on August 22<sup>nd</sup>, 1964.

After receiving his degree in Business Economics in 1988 from the "Luigi Bocconi" University in Milan, he worked until 1993 in the *Investment Banking* division at Goldman Sachs London. From 1993 to 1994, he was personal assistant to the Chairman of the Istituto per la Ricostruzione Industriale [Industrial Reconstruction Institute] (IRI S.p.A.). In 1994, he returned to Goldman Sachs, where he became Partner Managing Director of the London Investment Banking Division and beginning in 2005, of the Milan Investment Banking Division. Between May 2006 and May 2008, he served as Undersecretary at Italy's Ministry of Economy and Finance. Having ended his service with the Ministry, he resumed his position as Partner Managing Director at Goldman Sachs London Investment Banking Division until July 2010.

He is currently The Chairman of Banca Monte dei Paschi di Siena S.p.A. (as of September 2015), Chairman of ISA - Istituto Atesino di Sviluppo S.p.A. (since June 2012) and member of the Board of Directors of Italmobiliare S.p.A. (since June 2014). Among the main offices he held in the past, there are member of the Board of Directors of Sorin S.p.A. (from June 2010 to August 2015), Non-Executive Director of the London Stock Exchange Group (from September 2010 to August 2015), member of the Board of Directors then appointed as Chairman of Borsa Italiana S.p.A. (from November 2010 to August 2015) and Chairman of Cassa di Compensa-

zione e Garanzia S.p.A. (from September 2013 to August 2015).

He has been a member of Prysmian Board of Directors since July 2010 and Chairman of the Board of Directors since April 2012. He was elected to his current position by the Shareholders' Meeting on 16 April 2015 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Mr. Tononi meets the requirements set out in Article 148, paragraph 3 TUF to qualify as an independent director of the Company.

**Valerio Battista**

*Managing Director and General Manager of the Company  
CEO of the Prysmian Group*

He was born in Arezzo on January 8<sup>th</sup>, 1957.

For five of over 17 years at Pirelli & C. S.p.A., he ran the Energy Cables and Systems business unit, including the 2002-2003 period when the Group went through a successful reorganization. Mr. Battista was awarded his degree in Mechanical Engineering at Florence University in 1981. In 1983, he began working at Uno A Erre Italia S.p.A. as Head of the Engineering Office. In September 1987, he joined the Operations Department in the Steel Cord business unit of the Pirelli Group in Figline Valdarno. In 1997, he was appointed Director of the Pirelli Tyre division's Steel Cord business unit, becoming divisional Purchasing Director in 2001. He became CEO of the Group's Energy Cables and Systems business unit in February 2002 and CEO of the Telecom Cables and Systems business unit in December 2004. Since June 2014, he has also been the Chairman of Europacable and, since October 2015, he has been a member of the Council on the Board International Electro-technical Commission.

He has been a member of the Prysmian Board of Directors since December 2005. He was elected to his current position by the Shareholders' Meeting on 18 April 2012 from the slate submitted by the Board of Directors, which obtained the majority of votes.

**Massimo Battaini**

*Executive Vice President Energy Projects  
Executive Director*

He was born in Varese (Italy) on August 1<sup>st</sup>, 1961.

He has a degree in Mechanical Engineering from the Polytechnic University of Milan and an MBA from SDA Bocconi. He started his career in the Pirelli Group in 1987 and held various positions in R&D and Operations over an 18-year period. After running the Business Development department between 2000 and 2002 covering the three Business Divisions of Tyres, Energy Cables and Telecom Cables, he was appointed as Operations Director of Energy Cables and Telecom Cables at Pirelli. In 2005 he was appointed as CEO of Prysmian UK and in January 2011 Chief Operating Officer of the Group, a post he held until 2014, when he became Executive Vice President Energy Projects and Chairman and CEO of Prysmian Power-Link S.r.l., where he is currently employed.

He has been a member of Prysmian Board of Directors since February 2014. He

was elected to his current position by the Shareholders' Meeting on 16 April 2015 from the slate submitted by the Board of Directors, which obtained the majority of votes.

**Maria Elena Cappello**

*Non-Executive and Independent Director*

She was born in Milan on July 24<sup>th</sup>, 1968.

In over 20 years of her career in Italy and abroad, she has gained significant management experience thanks to steadily increasing responsibilities, achieved by securing competitive advantages, market share, profits, sales growth and cost optimization for the businesses in which she has worked. She is skilled in managing mixed teams and complex business models, adapting them rigorously to local regulatory environments. Whilst studying Telecommunications Engineering at the University of Pavia with an Italtel scholarship, where she began work in 1991, she developed long distance transmission networks, moving between the AT&T Bell Laboratories in New Jersey and Milan. In 1994, she moved to EMC Italy. After an initial experience at the production facilities in Cork (Ireland), she initially managed and developed the Public Administration sales area, and then the Telecom area. In 1998, she was hired by Digital/Compaq/HP based in Munich, Germany, where she took on various responsibilities at the EMEA level, including that of Executive Director EMEA Global Services. In an entrepreneurial capacity, she started up and developed MetiLinx, a software company operating in Europe, opening branches in London, Milan and Munich in 2002. In 2004, Pirelli Broadband Solutions appointed her as Senior Vice President for global sales. She then joined Nokia Siemens Networks in 2007 as Global Head of Strategic Marketing. From 2010 to 2013 she was Deputy Chairwoman and Chief Executive Officer of Nokia Siemens Networks Italia S.p.A. and of Nokia Siemens Networks S.p.A., as well as Head of European Strategy and Business Development. She has served as Vice Chair of the Executive Committee of the Global Mobile Supplier Association (GSA), and as a member of the Governing Council of Valore D. She has also chaired the Research and Innovation Group of the Foreign Investors' Committee in Confindustria (Italian industrial federation). She has earned an Executive Master's degree in Strategic Marketing and Sales Techniques from Babson College, MA, USA, financed by EMC, and an Executive Master's degree in Marketing Management from SDA Bocconi, financed by Compaq. In addition to a high school diploma in classical studies from Liceo Parini in Milan, she has a High School Graduation diploma from Mount Pleasant High School in Wilmington, DE, USA.

From June 2012 until June 2014, she was a member of the Management Committee of A2A S.p.A. and, from July 2013 to April 2015, she held the office of independent Director at Sace S.p.A. and Chaired the Remuneration Committee.

She is currently a Director at Saipem S.p.A., Banca Monte dei Paschi S.p.A., A2A S.p.A., Seat Pagine Gialle S.p.A. and FEEM (Fondazione Eni Enrico Mattei).

Since 2013, she has also served as a Global Female Leadership Summit Advisory Board member.

She has been a member of Prysmian Board of Directors since April 2012. She was elected to her current position by the Shareholders' Meeting on 16 April 2015 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Ms. Cappello meets the requirements set

out in Article 148, paragraph 3, TUF and in Articles 3.C.1 and 3.C.2 of the Code, qualifying her as an Independent Director of the Company.

**Alberto Capponi**

*Non-Executive and Independent Director.*

He was born in Milan on July 31<sup>st</sup>, 1954.

He graduated in 1978 in Economics and Monetary and Credit at the University of Business and Finance “La Sapienza” in Rome. After graduation, he began his work experience at Studio Boccolini, dealing with consulting in fiscal and tax matters. In 1979, he began working at Procter & Gamble Italia at the Advertising and Budget Control Department. From 1979 to 1984, he worked at Banca Nazionale dell’Agricoltura in the General Department of Marketing and Branch Performance Services. Later, from 1984 to 1994, he worked for the Cassa di Risparmio di Roma Group, initially at Compagnia Internazionale Investimenti S.p.A., and then, in 1988, taking on the position of CEO of Cominvest Gestioni S.p.A., which specializes in asset management services. From 1994 to 2000, he worked at Citibank N.A. in the Private Banking Group area, taking on the position of Vice President responsible for Italy and then CEO of Cititrust S.p.A. In June 2000, he joined Finaf S.p.A., (Holding of the Angelini Group) in which he holds the position of CEO with responsibility for the Finance Area. He also holds the position of CEO of Angelini Partecipazioni Finanziarie S.r.l.

He was elected to his current position by the Shareholders’ Meeting on 16 April 2015 from the slate submitted by the shareholder Clubtre S.p.A., which obtained the second highest number of votes after the Board of Directors’ slate.

The Board of Directors has verified that Mr. Capponi meets the requirements set out in Article 148, paragraph 3, TUF and in Articles 3.C.1. and 3.C.2. of the Code, qualifying him as an Independent Director of the Company.

**Claudio De Conto**

*Non-Executive and Independent Director.*

He was born in Milan on September 16<sup>th</sup>, 1962.

After graduating from the Luigi Bocconi University in Milan with a degree in Corporate Finance in 1986, he began his career at Ernst & Whinney in the UK. He then joined the Pirelli Group in 1988. After five years in the Group’s Treasury department, in 1993 he embarked on a long period of international experience in the Administration, Finance and Control areas of the Pirelli Group’s tyre subsidiaries in Brazil, Spain and Germany. In fact, between 1996 and 2000, he held the position of Chief Financial Officer of Pirelli Neumaticos S.A. in Spain and then of Chief Financial Officer of Pirelli Deutschland A.G. in Germany. In 2000, he became Director of Administration, Planning and Control at Pirelli S.p.A. In 2001, he was appointed General Manager of Administration and Control at Pirelli S.p.A., a role he has maintained in the holding company Pirelli & C. S.p.A. since its merger with Pirelli S.p.A. in August 2003. From November 2006 until September 2009, he was General Manager and Chief Operating Officer of Pirelli & C. S.p.A. and was also a member of the Board of Directors of Pirelli Tyre S.p.A. and Chairman of Pirelli Broadband Solutions S.p.A. In addition, from December 2008 to May 2010, he was Managing Finance Director at Pirelli Real Estate and from June 2009 to May 2010 Executive Chairman of Pirelli Real Estate Credit Servicing S.p.A.

He has sat on the Boards of Directors of RCS MediaGroup S.p.A and Assicurazioni Generali S.p.A. He has also been a member of the Management Board of Banca Popolare di Milano S.c.a.r.l. and a Senior Advisor to McKinsey.

Currently he is CEO of Artsana Group and Chairman of the Board of Directors of Star Capital SGR S.p.A. (formerly Efibanca Palladio SGR).

Between 2002 and June 2008, he was a member of the International Financial Reporting Interpretations Committee (IFRIC), set up by the International Accounting Standards Board (IASB). He has also been a member of the European Financial Reporting Advisory Group (EFRAG).

He has been a member of the Prysmian Board of Directors since July 2010. He was elected to his current mandate at the Shareholders' Meeting on 18 April 2012 from the slate presented by the Board of Directors, which obtained the majority of votes. The Board of Directors has verified that Mr. De Conto meets the requirements set out in Article 148, paragraph 3, TUF and in Articles 3.C.1 and 3.C.2 of the Code, qualifying him as an Independent Director of the Company.

### **Monica de Virgiliis**

*Non-Executive and Independent Director.*

She was born in Turin on July 20<sup>th</sup>, 1967.

She graduated in Electronic Engineering from the Polytechnic University of Turin in 1992 with honours. In early 1993, she joined Magneti Marelli as Production Engineer in the Electronics Division based in Pavia. In late 1996, she joined the French Alternative Energies and Atomic Energy Commission (CEA) with the mission to develop collaborations with Italian companies. In early 2001, she joined ST Microelectronics as Business Development Manager at the Telecom Wireline Division based in Agrate Brianza (Italy). In 2002, she was promoted as Strategic Alliances Director of Advanced System Technologies Group and moved to the headquarters in Geneva. In 2004, she was promoted Group Vice President in charge of the Systems Business Development and Mobile Multimedia Architecture Division of the Telecom Wireless Group. In 2006, she became General Manager of the Home Video Division and in 2007, during the change in the business model of Telecom Wireless customers, she became General Manager of the Wireless Multimedia Division, with a turnover of over one billion dollars, where she successfully brought about a transformation of the product portfolio and business model. She was one of the main actors in the acquisition of NXP-Wireless and the establishment of the Joint Venture with Ericsson. At the beginning of 2010, she left ST-Ericsson, returning to ST Microelectronics, putting her experience at the disposal of the corporate programmes, first as Group VP Operational Development and then as Corporate Strategy and Mergers and Acquisitions. Since November 2015, she has been working at Infineon as Vice President Industrial Microcontrollers at their offices in Munich (Germany). She served on the Board of Directors of several start-ups in the years 2010-2014.

She was elected to her current position by the Shareholders' Meeting on 16 April 2015 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Ms. de Virgiliis meets the requirements set out in Article 148, paragraph 3, TUF and in Articles 3.C.1. and 3.C.2. of the Code, qualifying her as an Independent Director of the Company.

**Pier Francesco Facchini**

*Chief Financial Officer.*

*Executive Director.*

He was born in Lugo (Ravenna - Italy) in 1967.

After receiving his degree in Business Economics in 1991 from the "Luigi Bocconi" University in Milan, his initial work experience was at Nestlè Italia, where from 1991 to 1995, he held different posts in the Administration and Finance area. From 1995 to 2001, he worked in several companies in the Panalpina Group, holding the position of Regional Financial Controller for Asia and the South Pacific and Head of Accounting, Finance and Control for Panalpina Korea (Seoul) and Panalpina Italia Trasporti Internazionali S.p.A. In April 2001, he was appointed Finance Director at Fiat Auto Consumer Services' business unit, leaving in 2003 to become CFO at the Benetton Group, a post he held until November 2006.

He has been a member of the Prysmian Board of Directors since February 2007. He was elected to his current position by the Shareholders' Meeting on 18 April 2012 from the slate submitted by the Board of Directors, which obtained the majority of votes.

**Maria Letizia Mariani**

*Non-Executive and Independent Director.*

She was born in Rome on July 18<sup>th</sup>, 1960.

She graduated in Natural Sciences in 1984 at the University "La Sapienza" of Rome. After a first experience in research, she joins Rank Xerox where, from 1986 al 1989, she held technical and commercial roles. In 1989 she became marketing manager at Apollo Computer, until October 1989 when, as result of an acquisition, she joins Hewlett Packard, where she remains until December 2010. In Hewlett Packard she diversifies her experience, both in Italy and abroad, holding roles of increasing responsibilities in sales, marketing, services, software, general management.

In January 2011 she joins Philips as Vice President & General Manager Lighting Italy, Greece and Israel. In 2013 she is appointed Senior Vice President & General Manager Lighting Europe.

From 2011 till 2015 she is President of Luceplan and President of Iltiluce. From 2013 to 2015 she is also CEO of Iltiluce

She was elected to her current position by the Shareholders' Meeting on 16 April 2015 from the slate submitted by the Board of Directors, which obtained the majority of votes.

The Board of Directors has verified that Ms. Mariani meets the requirements set out in Article 148, paragraph 3, TUF and in Articles 3.C.1. and 3.C.2. of the Code, qualifying her as an Independent Director of the Company.

**Fabio Ignazio Romeo**

*Head of Corporate Strategy and Development.*

*Executive Director.*

He was born in Rho (Milan - Italy) on August 25<sup>th</sup>, 1955.

He earned his degree in Electronic Engineering at Milan Polytechnic University in 1979 and then an MS and later a Ph.D. in Electronic Engineering and Computer

Sciences from the University of California, Berkeley, in 1986 and 1989 respectively. Mr. Romeo began his career in 1981 at Tema (part of the ENI Group) as a designer of control systems for chemical plants. He moved to Honeywell in 1982 as a Member of Technical Staff and later Technical Advisor to the Honeywell CEO. He became Innovation Manager at Magneti Marelli's Electronics division in 1989. In 1995, he was appointed Managing Director at Magneti Marelli's Rear-view Mirrors Division, where in 1998, he took over the same position at the Electronic Systems Division. In 2001, he moved to the Pirelli Group as Director of the Truck division at the Pirelli Tyre business. A year later, he took up the post of Utilities Director at the Pirelli Cables Division. In December 2004, he became Head of the Group's Power Cables and Systems Business Unit, a position he held until December 2013 when he assumed the role of Head of Corporate Strategy and Development.

He has been a member of Prysmian Board of Directors since February 2007. He was elected to his current position by the Shareholders' Meeting on 18 April 2012 from the slate submitted by the Board of Directors, which obtained the majority of votes.

### ***Giovanni Tamburi***

*Non-Executive and Independent Director.*

He was born in Rome on April 21<sup>st</sup>, 1954.

He graduated magna cum laude in Economics and Business from La Sapienza University in Rome. He is the founder and Chairman of TIP – Tamburi Investment Partners S.p.A., a company listed on the Italian Stock Exchange STAR segment and an independent investment/merchant bank focused on developing outstanding mid-size Italian listed corporations. He has been active in corporate finance since 1977, first at the Bastogi Group and then, from 1980, at Euromobiliare (Midland Group - Hong Kong & Shanghai Bank), later becoming Director and Deputy General Manager of Euromobiliare S.p.A., Director of Banca Euromobiliare S.p.A. and of other companies in the group and Managing Director of Euromobiliare Montagu S.p.A., the group's investment bank. Currently, in addition to his position as Chairman and Chief Executive Officer of TIP, he is a Director on the Boards of Amplifon S.p.A., Interpump S.p.A. and Zignago Vetro S.p.A. He was a member of the commission to study Law 35/92 set up by the Finance Ministry (the so-called Privatisation Commission) and a member of the advisory board for privatisations for the City of Milan. He was Professor of Corporate Finance at LIUC (Castellanza - Varese) and of Special Finance at LUISS University in Rome. He is the author of the textbook, *Comprare un'azienda, come e perché* [Buying a Company, How and Why] and the co-author of the textbooks, *Privatizzare, scelte, implicazioni e miraggi* [Privatisation, choices, implications and mirages], *Metodi e Tecniche di Privatizzazione* [Methods and Techniques of Privatization], *Privatizzazioni e Disoccupazione, i Poli di Sviluppo Locale* [Privatisations and Unemployment, Local Development Clusters], *Privatizzare con il Project Financing* [Privatising with Project Financing], *Azionariato dei dipendenti e Stock Option* [Employee Share Ownership and Stock Options], *Finanza d'impresa* [Business financing] and *Corporate Governance*. He is also a columnist for major national newspapers.

He was elected member of Prysmian Board of Directors on 18 April 2012. He was elected to his current position by the Shareholders' Meeting on 16 April 2015 from the slate submitted by the shareholder Clubtre, which obtained the second highest

number of shareholder votes after the Board of Directors' slate.

The Board of Directors has verified that Mr. Tamburi meets the requirements set out in Article 148, paragraph 3, TUF and in Articles 3.C.1 and 3.C.2 of the Code, qualifying him as an Independent Director of the Company.

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***Maximum number of appointments in other companies***

As permitted by Article 14 of the Company's Bylaws, during the Shareholders' Meeting of 16 April 2015 convened to renew the Board of Directors at the end of its three-year term, the outgoing Board of Directors submitted its own slate with eleven candidates. In choosing the candidates to make up the slate, among other things, it was assessed if the offices held in other companies are compatible with their capability to effectively carry out the task of Company Director as well as member of any internal committees. This assessment was not based on any objective criteria providing for a quantitative definition of limits to the possible offices held in other companies, but rather on a subjective assessment of a qualitative nature. From this standpoint, the Board preferred to not express an opinion nor to set out general criteria on the maximum number of appointments compatible with the effective performance of office by the Issuer's Director, because it believes that such a judgement rests firstly with those who are entitled and who intended to submit a slate of candidates for the office of Director, secondly with the shareholders when appointing Directors and finally, with the individual candidate when accepting the candidacy as well as to the individual Director after appointment.

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***Induction Programme***

During the Financial Year, the Company Shareholders' Meeting was convened to renew the Board of Directors at the end of its three-year term. The renewal of the Board using a slate voting mechanism saw the confirmation of eight of the eleven Directors already in office and the appointment of three new Directors. In order to provide these latter with an appropriate knowledge of the Prysmian Group's business, of its corporate dynamics and of the Company's self-regulatory and legislative framework, a meeting was organized with the Group's top management, representing both business and corporate departments. At that meeting, each manager could present and describe the company sector he or she is in charge of.

Also in view of the positive feedback on this programme in the past, the Chairman arranged for the annual induction meeting to be organised to increase the Directors' and Statutory Auditors' awareness of the Prysmian Group's business. This meeting specifically involved a visit to the Group's facility in Pikkala, Finland.

**4.3. ROLE OF THE BOARD OF DIRECTORS**

**(pursuant to Article 123-bis, paragraph 2, letter d), TUF)**

In 2015, the Board of Directors held eight meetings, lasting an average of one hour and fifty minutes each. The four main meetings scheduled in the Financial Year's events calendar, lasted an average of three hours each. The directors who were in office during those meetings during the Financial Year, had a 97% attendance av-

erage, while the Statutory Auditors reported 100% attendance.

As provided for by current regulations, the Company published, in its 21 January 2016 press release, the Board meeting dates scheduled for 2016 for examination of financial results as set out below:

- **24 February 2016:** consolidated financial statements of the Prysmian Group, draft statutory financial statements of Prysmian S.p.A. for the financial year as at 31 December 2015.
- **10 May 2016:** interim report on operations as at 31 March 2016.
- **28 July 2016:** half-yearly financial report as at 30 June 2016.
- **8 November 2016:** interim report on operations as at 30 September 2016.

During the current year, the Board held no meetings before the one that approved this Report.

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Company management is the sole responsibility of the Directors, who perform the required operations to implement its corporate purpose. The Board of Directors has the broadest possible powers of ordinary and extraordinary administration of the Company, except for those, which by law are the exclusive prerogative of the Shareholders' Meeting. The Board of Directors also has responsibility for passing resolutions that require notarization, regarding: (i) mergers or spin offs in the cases provided for by Articles 2505, 2505-bis and 2506-ter Civil Code; (ii) transfer of the registered offices within Italy; (iii) opening or closing secondary offices; (iv) indication of which Directors may represent the Company; (v) reductions in share capital following shareholder withdrawal; and (vi) updating the Company Bylaws to comply with legislation (Article 17 of the Bylaws).

For Board resolutions to be valid, a majority of the Directors in office must be present and the resolutions must be passed by a majority vote of the Directors present. In the case of a tie, the Chairman's voted position shall prevail. The Directors cannot delegate the exercise of their vote (Article 18 of the Bylaws).

The Board of Directors may delegate all or part of its authority, within legal limits, to one or more of its members, who will thus become Managing Directors, and/or to an Executive Committee, and may set limits on the delegation. Nonetheless, the Board of Directors shall have exclusive authority for the following issues, which may not be delegated pursuant to the Bylaws:

- (a) examination and approval of the Company's and the Group's strategic, industrial and financial plans, its governance system and the corporate structure of the Group headed by the Company;
- (b) examination and approval of operations - including investments and divestments - which, by their nature, strategic importance, size or the commitments they may entail, have significant strategic or economic impact on the Company's and/or the Group's equity or finances, especially as concerns related party transactions;
- (c) verification of the adequacy of the Company's and/or the Group's organisational, administrative or general accounting structure;
- (d) assignment or withdrawal of delegated powers to Directors and Executive Committees, as required, setting limits, operational procedures and terms, normally not greater than one quarter, wherein the executive bodies must report to the Board on their activities in that period;
- (e) after examining the proposals of the relevant Committee and consulting the

Board of Statutory Auditors, setting the remuneration of Executive Directors, as well as the breakdown of the overall amount due to the individual members of the Board and the Committees, should the Shareholders' Meeting not have already done so;

- (f) review of general operating performance, taking into specific account the information received from Executive Directors, the Executive Committee, if established, and the Control and Risks and Corporate Governance Committees, as well as regularly comparing actual results against those predicted.

The Board of Directors may appoint general directors, whose delegated powers must be established. In addition, subject to obligatory consultation with the Board of Statutory Auditors and based on minimum requirements set by the Bylaws, the Board of Directors shall appoint the Manager responsible for preparing the corporate accounting documents, setting the term of the appointment, duties and powers in compliance with current regulations (Article 19 of the Bylaws).

The Board of Directors may also establish committees with powers to advise and make proposals, with responsibility for specific issues, and may determine their composition and responsibilities (Article 19 of the Bylaws).

The Board of Directors has adopted by resolution certain quantitative and qualitative parameters, differentiated by type or category of operation, to determine which transactions, apart from intergroup operations, shall be considered of significant economic, strategic, equity or financial impact and hence subject to specific prior examination by the Board, even when the transaction is undertaken by a Group subsidiary.

The types of transactions, which, having passed certain quantitative and qualitative parameters, shall be subject to prior examination by the Board, are mainly transactions concerning real estate, M&A (purchase and sale of holdings, joint venture agreements), and financial transactions (issue of guarantees and financial instruments, and taking out loans).

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The Chairman shall call meetings of the Board of Directors whenever he considers it to be in the interests of the Company, or when he receives a written request from one or more Executive Directors, or from at least three serving Directors, or from the Board of Statutory Auditors or from one of its standing members in the cases provided for by the law (Article 16 of the Bylaws).

In line with the recommendations of Article 1 of the Code, the Board has a central role in the Company's corporate governance system. The Board of Directors meets regularly and is organised and operates to ensure the effective and efficient performance of its functions. The Chairman of the Board of Directors, with the assistance of the Board Secretary, shall inform the Directors and Statutory Auditors in advance of the issues to be discussed at board meetings and, as required, shall ensure that appropriate information is provided in advance on the matters to be examined (Article 16 of the Bylaws).

At the Chairman's instruction, the Board Secretary emails the documentation illustrating the issues to be discussed to the Directors and Statutory Auditors, at different times depending on the topics to be discussed and generally not less than two days before the meeting, except for urgent situations or when special confidentiality is required. Under these circumstances, complete discussion of the issues shall be nevertheless ensured. Said documentation is also made available, starting from the email delivery, on IT media with which Directors and Statutory Auditors

have been provided, enabling the examination of the documents in electronic format also during Board meetings.

The managers responsible for preparing the corporate accounting documents attend the Board of Directors meetings that address and discuss matters falling under their remit. The Chief Executive Officer notifies the department heads that they shall or may be called on to participate in board meetings during discussion of issues concerning them, so they can contribute to the discussion. For the most part, the following department heads are called on to provide clarifications in Board meetings : the Head of Internal Audit, to discuss internal control and risk management system issues, the Head of Human Resources and Organization to discuss remuneration policy and incentive plan issues as well as, when necessary to detail specific topics for discussion or simply to provide assistance for the analysis of information the Board already has, the heads of the business and corporate departments, who do not already participate in the meetings as Directors. The General Counsel, in his capacity as Board Secretary, attends all board meetings, providing the required information for the matters under his remit.

During the meeting called to examine the draft financial statements, the Board of Directors expressed a positive opinion on the adequacy of the Company's organisation, administrative and general accounting structure, also with reference to the system of internal control and to management of conflicts of interest also giving a positive opinion on the size, composition and operation of the Board itself and of its committees. These conclusions were supported by positive opinions issued by the Board's own internal committees, which had previously carried out the same assessments within their own spheres of responsibility.

The Board, in its self-assessment, also considering previous experience in assigning this task to a primary consultant, decided to perform this task independently. Therefore, each director received a questionnaire containing questions requiring them to express their judgement on the size, composition and operation of the Board and its committees. The possibility of offering suggestions or policy proposals was also given. The completed questionnaires were collected by the Board Secretary, who then drafted a summary document of the opinions and suggestions provided. This document was then submitted to the Board of Directors.

The Remuneration and Appointments Committee deemed it unnecessary to provide any comments or suggestions in light of the positive evaluations provided by the Board in its self-assessment.

The Board, acknowledging the overall outcome of the Directors' assessments, deemed that the size, composition and operation of the Board of Directors and of its committees were appropriate.

Therefore, it was confirmed that the Board comprises a balanced mix of Independent Directors and management, in line with Prysmian's structure as a public company. The extensive presence of Independent Directors with different characteristics and profiles was also seen as an additional guarantee for shareholders, as well as an excellent support to management in running the business.

The outcome of the above-mentioned self-assessment was also taken into consideration by the outgoing Board of Directors for the purposes of preparing its candidate slate for the renewal of the same Board. This brought about, among other things, the definition of the criteria used to identify, among other things, the professional

characteristics sought in the candidates called on to make up its slate. In particular, the Board took into account the candidates' management experience at listed or unlisted companies, of comparable size to that of the Prysmian Group, with multinational scope. In addition, during the selection process, those candidates who, due to the experience they had gained in high-level industrial or financial contexts, were viewed as being able to provide a real contribution to the strategic and industrial choices to be made, were given priority. These criteria were communicated to the shareholders in the Report to the Shareholders' Meeting, pursuant to Article 125-ter TUF, so that they might also be considered guidance to assist those who are entitled and submitted competing candidate slates, according to the requirements in Article 1.C.1 letter h) of the Code of Conduct, in selecting those professionals whose presence in the Board has been deemed appropriate.

The Shareholders' Meeting that appointed the Board of Directors in office on the date of the Report was not called on to generally authorize, as a preventive measure, waivers to the prohibition of competition provided for by Article 2390 Civil Code. When the candidacies were submitted for renewal of the Board of Directors, each of the Directors in office confirmed that the conditions set out in Article 2390 Civil Code did not apply to him/her.

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As concerns the analysis of the adequacy of Prysmian's organisation, administrative and accounting structure, including its strategically significant subsidiaries, with particular reference to the internal control and risk management system, see paragraph 10 of the Report.

#### **4.4. EXECUTIVE BODIES**

The Directors, Valerio Battista and Pier Francesco Facchini, have been vested with executive powers by the Board of Directors.

##### ***Chief Executive Officer***

The Board of Directors meeting of 16 April 2015 conferred the office of Chief Executive Officer and General Manager on Valerio Battista, and delegated him all authority and powers of ordinary administration needed or useful to carry out the Company's business, including the following powers:

- stipulate, with all appropriate clauses, modify, terminate, transfer and withdraw from any contract or any other deed with direct or indirect subsidiaries;
- buy, exchange and sell in the name and on behalf of the Company and also on behalf of third parties, and transfer to existing or new companies, real estate of any kind or nature wherever located, up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
- buy, exchange and sell in the name and on behalf of the Company and also on behalf of third parties, and transfer to existing or new companies, assets of any kind or nature wherever located, up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
- apply for loans, financing, the opening of credit lines, in any form from banks, finance companies and institutions, parent companies and subsidiaries, up to a maximum limit of Euro 100,000,000 (one hundred million euros)

- per transaction;
- apply for the issue or grant of guarantees, also in the interests of subsidiaries, from banks, finance companies and institutions, up to a maximum limit of Euro 100,000,000 (one hundred million euros) per transaction;
  - grant loans or credit lines on behalf of and/or in the interests of any subsidiary;
  - grant loans or credit lines on behalf of and/or in the interests of any investee company, up to a limit of Euro 5,000,000 (five million euros) per transaction;
  - grant guarantees, issue comfort letters, indemnity letters etc., or take on any other commitment in favour of third parties, also in the interests of subsidiaries, up to a maximum limit of Euro 100,000,000 (one hundred million euros) per transaction;
  - sign, modify and/or terminate any contract regarding the "turnkey" supply of the Company's goods or products, including the related issue of bonds, guarantees etc., up to a maximum limit of Euro 100,000,000 (one hundred million euros) per transaction;
  - issue bonds, guarantees etc., up to a maximum limit of Euro 50,000,000 (fifty million euros) per transaction, in relation to contracts regarding the "turnkey" supply of the Company's goods or products, together with goods, products or services offered by third parties;
  - subscribe, issue, purchase, modify, sell, repay and transfer financial instruments, bonds etc., up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
  - purchase and sell companies and/or business lines, up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
  - purchase, sell and/or subscribe to investments in companies, up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
  - employ and dismiss staff, including management level;
  - sign, pay and undertake any act incidental to or necessary to carry out capital transactions, including capital contributions in favour of subsidiaries;
  - sign, pay and undertake any act incidental to or necessary to carry out capital transactions in favour of investee companies, including capital contributions, up to a maximum limit of Euro 5,000,000 (five million euros) per transaction.
  - issue, within the limits of the powers granted above, special mandates and general or special powers of attorney for particular acts or categories of acts, appointing executive directors, vesting them individually or collectively with the corporate signature with whatever attributions, remuneration and sureties that they deem appropriate to improve Company performance, including the sub-delegation of the issue of mandates and powers of attorney.

Mr. Battista qualifies as head of Company management or the Chief Executive Officer, as described in the Code of Conduct. It should be noted in this regard that no interlocking directorate situation exists because Mr. Battista does not hold any directorships in any other issuer whose Chief Executive Officer is a director at Prysmian S.p.A.

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### ***Chief Financial Officer***

At its meeting on 16 April 2015, the Board of Directors also appointed the Director Pier Francesco Facchini as Chief Financial Officer, and assigned him the following authority and powers:

- represent the Company in all its dealings with Italian government authorities or with any other Italian or foreign government in matters concerning the powers hereby assigned, including tax matters in particular; he may sign petitions, claims and appeals, fulfil all formalities required by law, represent the Company before the relevant Offices;
- sign and present tax declarations and returns in general (including VAT); he may negotiate the Company's taxes and duties with Tax Offices, to settle and agree such taxes in the name and on behalf of the Company, provided that the principal amount to be paid, in the case of a settlement, does not exceed Euro 5,000,000 (five million euros);
- sign payment orders in favour of public entities or their agents in relation to tax or social security payments;
- sign communications to Chambers of Commerce, Stock and Commodities Exchanges and companies concerning the Company's legal and regulatory obligations;
- sign ordinary correspondence with customers and suppliers relating to payments to be made to and by the Company;
- acquire contributions, accept the conditions thereto, sign necessary documents and issue receipts;
- sign, with all the necessary clauses, modify, terminate or transfer any contract with companies that are directly or indirectly controlled by the Company pursuant to Article 26 of Legislative Decree 127 of 9 April 1991, as subsequently amended and supplemented, provided that the contract falls within the ordinary administration, with no maximum value limits as long as these contracts comply with the general Prysmian Group policies in force regarding intergroup transactions;
- sign with all the necessary clauses, modify, and terminate the following:
  - active and passive lease or rental contracts no longer than nine years in duration, completing all connected and consequential acts, including the issue of receipts and notification of cancellation, as well as rental contracts and leases for movable assets, provided that the total amount of the annual payments connected to these contracts or the costs associated with signing, modifying or terminating them does not exceed Euro 1,000,000 (one million euros);
  - insurance contracts of all kinds (including guarantee policies), provided that the related annual premium does not exceed Euro 1,000,000 (one million euros), completing all connected and consequential acts, including the payment of premiums, the agreement of the payment of damages and claims and any appointments of technical experts, doctors, claim agents and lawyers as required;
  - contracts involving the acquisition and/or provision of services of any kind and performance of work, including of an intellectual nature;
  - Adviser agreements.
- collect receivables and any other sum due to the Company and issue receipts;
- endorse, deposit, collect and present sums, mandates, treasury bills, money orders, cheques and credit instruments of any kind, and issue receipts;
- endorse for deposit and discharge, collect and acknowledge receipt of bills of exchange, excluding the power to accept drafts, to issue promissory notes and provide guarantees; to draw drafts;

- make deposits, including guarantee deposits, in cash or securities at the Cassa dei Depositi e Prestiti and at the provincial branches of the Treasury, and receive receipts and global depository receipts;
- request the issue of banker's drafts; bank cheques and endorse them for deposit;
- sign payment orders in favour of the Company (for funds transfer);
- undertake at Customs Offices, at the Italian state railways (Ferrovie dello Stato), at transport companies in general and at the Italian postal service (Poste Italiane S.p.A.), any dispatch, clearance and collection of goods, valuables, parcels, packets and letters, as well as registered and insured post, as well as the signature for and collection of currency declarations relating to import and export transactions; sign and approve invoices, circulation certificates, and requests and statements necessary for the foregoing operations; sign petitions, appeals, claims;
- represent the Company in any bankruptcy proceedings, compulsory administrative liquidation and receivership or extraordinary administration and promote such declarations; provide proof of receivables; attend meetings of creditors; accept and reject proposals for composition with creditors and requests to enter receivership or extraordinary administration regimes; issue receipts and acquaintance relating to these procedures;
- represent the Company in tax and currency audits, inspections and reports of assessment and verification and sign relevant reports;
- represent the Company before Tax Commissions of any level; appeal, take part in proceedings, elect domicile for service, file briefs and documents, take part in hearings, discuss and accept the related conclusions; appeal, including in the case of cross appeals; appeal to the Court of Appeal and for reversal of judgement; appoint lawyers and proxies with all the necessary powers; elect domicile for service;
- represent the Company in court, with all the necessary powers including those as per Article 183 and Article 547 of the Code of Civil Procedure, for the matters regarding the powers hereby conferred; initiate and conclude legal proceedings, including of a preventive nature and for enforcement, including those for reversal of judgement and quashing of sentences before any legal and administrative authority and before the Constitutional Court, and generally any supranational jurisdiction, provided that - in the case of initiating proceedings which are not connected to the recovery and collection of receivables - the overall amount sought does not exceed Euro 3,000,000 (three million euros); resist such proceedings; appoint attorneys, representatives and technical experts with all the necessary powers; elect domicile for service;
- apply and sign any pertinent documentation for loans, financing, the opening of credit lines, in any form, from banks, finance companies and institutions, parent companies and subsidiaries, up to a maximum limit of Euro 50,000,000 (fifty million euros) per transaction;
- apply and sign any pertinent documentation for the issue or grant of guarantees, also in the interests of subsidiaries, from banks, finance companies and institutions, up to a maximum limit of Euro 50,000,000 (fifty million euros) per transaction;
- grant loans or credit lines on behalf of and/or in the interests of any investee company up to a limit of Euro 4,000,000 (four million euros) per transaction;

- grant guarantees, issue comfort letters, indemnity letters etc., or take on any other commitment in favour of third parties, also in the interests of subsidiaries, up to a maximum limit of Euro 10,000,000 (ten million euros) per transaction;
- subscribe, issue, purchase, modify, sell, repay and transfer financial instruments, bonds etc., up to a maximum limit of Euro 8,000,000 (eight million euros) per transaction;
- sign, pay or undertake any act incidental or necessary to carry out capital transactions, including capital contributions in favour of subsidiaries, up to a maximum limit of Euro 20,000,000 (twenty million euros) per transaction;
- sign, pay or undertake any act incidental or necessary to carry out capital transactions in favour of investee companies, including capital contributions, up to a maximum limit of Euro 2,000,000 (two million euros) per transaction;
- issue, within the scope and limits of the powers granted above, and revoke special mandates and general or special powers of attorney for particular acts or categories of acts, appointing attorneys-in-fact, vesting them individually or collectively with signatory powers and with those powers that may be deemed appropriate to improve Company's performance, including the sub-delegation of the issue of mandates and powers of attorney.

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### ***Chairman***

The Board Chairman, Massimo Tononi, has no executive powers, nor does he have a specific role in the Company's strategic planning, nor is he a controlling shareholder of the Company.

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### ***Reporting to the Board of Directors***

The Board of Directors, through the Chief Executive Officer, reports to the Board of Statutory Auditors on the matters set out in Article 150, paragraph 1 of Legislative Decree 58/98; this reporting obligation has always been fulfilled during of the Board of Directors meetings.

Pursuant to Article 19 of the Bylaws, the Chief Executive Officer also reports to the Board of Directors and the Board of Statutory Auditors on the activities undertaken, the general performance of the business and its prospects and the most significant transactions by the Company or its subsidiaries in terms of their impact on results of operations and financial position; in particular, the Chief Executive Officer reports on transactions in which the companies have an interest, on their own behalf or on behalf of third parties or which are influenced by the company that exercises direction and coordination. Reporting to the Board of Directors and the Board of Statutory Auditors has always taken place during Board of Directors' meetings.

As required by law, as well as by the Code, the Company has established a procedure, which may be viewed on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance*, which defines the parties and transactions requiring reporting to the Company's Board of Directors and Board of Statutory Auditors and the steps and timing that this reporting must follow. In particular, the procedure defines (i) the type, frequency and contents of the reported in-

formation, and (ii) how it is to be obtained.

The Chief Executive Officer has also established the practice, at every Board meeting and regardless of how much time has elapsed since the previous meeting, of reporting to the Board of Directors and to the Board of Statutory Auditors on the work and principal transactions undertaken by the Company and its subsidiaries that do not require prior Board approval.

#### **4.5. OTHER EXECUTIVE DIRECTORS**

Because of the positions they held within the Company and the Group during the financial year, Valerio Battista, Massimo Battaini, Pier Francesco Facchini e Fabio Ignazio Romeo are considered executive directors.

Valerio Battista is an executive director by virtue of his appointments as Chief Executive Officer and General Manager of the Company (see section 4.4) and as Chief Executive Officer of the Issuer.

Pier Francesco Facchini is an executive director by virtue of his appointment as Chief Financial Officer of the Company (see section 4.4 above)

Fabio Ignazio Romeo is an executive director because of his appointment as Head of Corporate Strategy and Development of the Prysmian Group and member of the Audot Committee of Prysmian Cables et Systemes France S.A.S., as well as member of the Board of Directors of Prysmian Cables & Systems Ltd., two of the Issuer's strategically significant subsidiaries.

Lastly, Massimo Battaini is an executive director because of his appointment as Executive Vice President Energy Projects, as well as Chairman and CEO of Prysmian PowerLink S.r.l., one of the Issuer's strategically significant subsidiaries.

#### **4.6. INDEPENDENT DIRECTORS**

Seven of the eleven Directors appointed by the Shareholders' Meeting of 16 April 2015 stated, when presenting their candidacy for the renewal of the Board of Directors, that they possessed the independence requirements under Article 148, paragraph 3, TUF. Six of them also stated that they were independent based on the application criteria in Article 3.C.1. and Article 3.C.2. of the Code.

At the meeting of the Board of Directors immediately following the aforementioned Shareholders' Meeting, the Board made an assessment of, based on (i) the statements provided when presenting their candidacy, (ii) the information provided verbally by the parties involved during the Board meeting and (iii) the additional information available to the Company, the relationships that may or appear to compromise the independence of judgement of the independent directors declaring themselves independent.

The Directors declaring themselves independent and attending the meeting were expressly asked to report any changes that occurred, after submitting their candidacy, which could have altered their independent position.

The independent directors were also asked to report to the Board any relationships with the Company, or persons related to it, to enable the Board to assess whether such relationships could potentially affect the independence of their judgement.

Upon completion of this verification process, the Board was of the opinion that the Directors Maria Elena Cappello, Alberto Capponi, Claudio De Conto, Monica de Virgiliis, Maria Letizia Mariani and Giovanni Tamburi did possess those requirements making them independent, pursuant to Article 148, paragraph 3, TUF and based on the application criteria in Article 3.C.1. and Article 3.C.2. of the Code.

The Board also deemed that Massimo Tononi possessed the independence require-

ments pursuant to Article 148, paragraph 3, TUF. Having actually held the office of Chair of the Board of Directors over the previous three-year term and, having also been confirmed in that office for the current three-year term, Mr. Tononi is considered a “key representative of the Issuer” pursuant to the 3.C.2 application criteria of the Code. Therefore, the Board did not deem him to be in possession of the independence requirements provided for by the Code.

In addition, the Independent Directors also undertake to promptly inform the Board of Directors of the occurrence of any circumstances, which might invalidate this qualification, without, however, undertaking to resign if this latter circumstance applies. Annually, at the meeting to approve the Corporate Governance Report, the Board of Directors invites the directors concerned to reconfirm their independence and examines any additional information they may have provided or of which the Board has become aware.

According to criteria set by the Company, it is believed that a director shall not normally be considered independent if, during the previous financial year, that director has had commercial, financial or professional dealings with the Company, one of its subsidiaries, or with any of their principal representatives or with a party that controls the Issuer, or with its key representatives, if the total value of such dealings is greater than:

- (i) 5% of the turnover of the legal entity, organization or professional practice, of which the director has control or is a key representative or partner, or
- (ii) 5% of the annual personal income of the director or of the annual turnover generated directly by the director as part of his/her legal activity at the legal entity, organization or professional practice, of which the director has control or is a key representative or partner.

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The Board of Statutory Auditors has ensured the proper application of the criteria and the verification procedures adopted by the Board for its annual assessment of the independence of its members, and noted its findings in its report to the Shareholders' Meeting.

In this regard, an extract of the Board of Statutory Auditors' report of 16 April 2015, drafted pursuant to Article 153 TUF and Article 2429 Civil Code is reported below:

“[...]”

*1. In the performance of its supervision and control activities, the Board of Statutory Auditors acknowledges that:*

[...]”

*g) it has supervised the procedures used for implementation of the Code of Conduct for listed companies, promoted by Borsa Italiana S.p.A., adopted by the Company, as illustrated in the Report on Corporate Governance and Ownership Structure approved by the Board of Directors on 25 February 2015. The Board of Statutory Auditors has also verified the proper application of the verification criteria and procedures adopted by the Board of Directors to assess the independence of its members. In addition, the Board of Statutory Auditors has verified its own members' compliance with independence criteria as provided for by the above-mentioned Code of*

*Conduct;*  
[...]"

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During the Financial Year, two meetings with only those directors in possession of the independence requirements under TUF in attendance were held. During those meetings, the interdependent directors discussed topics to be subsequently dealt with during the Board of Directors' meetings and set out proposals for holding an induction meeting to be submitted to the Board of Directors.

#### **4.7. LEAD INDEPENDENT DIRECTOR**

As the circumstances do not apply to the Company under which the Code recommends an issuer to appoint a Lead Independent Director and since no such figure has been requested by the Independent Directors, the Board did not select a Lead Independent Director from among its independent members.

## 5. PROCESSING CORPORATE INFORMATION

### ***Internal management and external reporting of documents and information about the Company***

Prysmian adopted a set of regulations for internal management and external reporting of documents and information about the Company, especially concerning price sensitive information. These regulations transpose the legal definitions of price sensitive and confidential information and the clarifications provided by CONSOB as well as standard practice whilst also defining how information falling under these definitions should be managed and identifying the company managers who will manage and coordinate information flows up through disclosure to the market in compliance with current law. These regulations may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance*.

The aforementioned regulations have also been supplemented by internal operational standards and procedures for the preparation and disclosure of financial information. These instruments make for more effective governance of the roles, responsibilities and methods of managing price sensitive information, as concerns its verification, the updating of the Insider Register, its handling, internal circulation and disclosure to third parties (where particular conditions must be observed), as well as to market disclosure in compliance with the terms and procedures provided for by current legislation.

The members of the governing bodies, employees and partners of the Company, as well as of subsidiaries, which may have access to price sensitive information, must comply with these standards and procedures.

### ***Insider Register***

In compliance with Article 115-bis TUF, the Board of Directors has set up an Insider Register of those persons with access to price sensitive information.

Entries and updates to the Insider Register may be made on a permanent or interim basis. Department managers shall be responsible for identifying those people within their own field of competence whose names are to be communicated to the office maintaining the register.

### ***Internal Dealing***

Pursuant to Article 114, paragraph 7, TUF and Articles 152-sexies, 152-septies and 152-octies of the CONSOB Issuer Regulations, the Company has adopted a "Code of Conduct for Internal Dealing", aimed at governing the reporting obligations for transactions in financial instruments undertaken by persons who, because of their position, have access to relevant information (so-called Internal Dealing). This code of conduct identifies so-called "Relevant Persons" as (i) the Company's directors, (ii) the Company's statutory auditors, and (iii) persons with management responsibilities and managers who have regular access to price sensitive information and have the power to take management decisions which can influence the Company's development and future prospects (so-called "Key Managers") who the Board of Directors identify by name. Other relevant persons are (iv) "Relevant Shareholders", i.e. those who have a shareholding of at least ten percent (10%) of the Company's share capital, (v) directors and statutory auditors of relevant subsidiaries, parties who carry out direction activities and managers of relevant subsidiaries (pursuant to the above code) and lastly (vi) the so-called "Persons Closely Related to Relevant

Persons." The legal provisions governing the issues in this section were assimilated in the "Code of Conduct for Internal Dealing", a copy of which may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance*.

The above Code of Conduct for Internal Dealing also sets out blackout periods during which Relevant Persons and Persons Closely Related to Relevant Persons cannot buy, sell, subscribe or exchange shares issued by Prysmian and/or financial instruments linked to its shares. The blackout periods are as follows:

- 30 (thirty) calendar days preceding the public announcement of approval of the Company's draft annual financial statements and its half-year financial reports;
- 15 (fifteen) calendar days preceding the public announcement of approval of the Company's interim management reports.

This exclusion does not apply to the exercise of rights granted under the Company's stock option plans, without prejudice to the ban on transactions in financial instruments, which are the subject to these rights during the blackout periods specified in the applicable regulations of the aforementioned plans.

However, the Board of Directors, or, in urgent cases, the Chief Executive Officer, has the power to (i) identify further periods or circumstances in which the conduct of transactions by Relevant Persons and Persons Closely Related to Relevant Persons shall be subject to limits or conditions, by immediately informing the Relevant Persons and the person responsible for implementation of the Code, and (ii) allow a Relevant Person and a Person Closely Related to Relevant Persons to carry out the transaction in periods in which the ban would otherwise be in force. To date, neither the Board of Directors nor the Chief Executive Officer has made any exceptions to the ban on dealing during blackout periods.

## **6. BOARD COMMITTEES** **(pursuant to Article 123-bis, paragraph 2 letter d) TUF)**

The Company's Board of Directors has set up the following committees:

- (i) Control and Risks Committee
- (ii) Remuneration and Appointments Committee.

The Remuneration and Appointments Committee jointly performs the functions that the Code assigns to the appointments committee and the remuneration committee, respectively. This Committee was formed in compliance with the stricter rules set out for the remuneration committee's composition as it has only independent members.

The combination of the functions of the appointments and the remuneration committees into one single committee arose from the affinity of some of the competencies required for the two bodies and from the positive experience gained on previous occasions, ensuring efficiency in the discussion of the relevant issues with the elimination of the risk of any possible failure of coordination.

The Board of Directors has not reserved for its duties and functions that the Code attributes to the committees; said duties and functions were distributed among the committees only in compliance with the Code's recommendations.

The composition, functions, duties, resources and activities of the above-mentioned Committees are described in the subsequent sections of this Report.

## 7. REMUNERATION AND APPOINTMENTS COMMITTEE

The Board of Directors has set up an internal Remuneration and Appointments Committee, assigning the task of providing advice and proposals on (i) the compensation of Directors and senior management, (ii) the appointment/replacement of independent directors and (iii) the assessment of the size and composition of the Board itself, whilst also approving provisions for this committee's operation. The provisions are available on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance/Committees*. In addition to the duties mentioned, the Board has also assigned the Remuneration and Appointments Committee the function of supervising sustainability issues linked to the Company's doing business and its interactions with all the stakeholders.

### ***Composition and operation of the Remuneration and Appointments Committee (pursuant to Article 123-bis, paragraph 2, letter d), TUF)***

The Board of Directors appointed the following Directors as members of the Remuneration and Appointments Committee:

- Claudio De Conto, independent non-executive director pursuant to the Code and TUF;
- Giovanni Tamburi, independent non-executive director pursuant to the Code and TUF;
- Massimo Tononi, independent non-executive director pursuant to TUF;

The Committee's membership must comprise solely non-executive directors, of whom at least two are independent.

This Committee must comprise solely non-executive directors, of whom at least two shall be independent.

The Board of Directors appointed Giovanni Tamburi as the Chairman of the Committee, whose duties are essentially coordination of the committee's work. During the appointment process, the Board also verified that each member possessed appropriate knowledge and experience in finance and remuneration policy.

The head of Group Human Resources and Organisation shall act as Committee Secretary, who will draft the meeting minutes, which, after being shared among the committee members, shall be signed by the Chairman and filed in the Company Records.

After renewal at the Shareholders' meeting on 16 April 2015, the newly appointed Board of Directors set the current composition of the Committee on the same date. Even before the renewal of the Committee, it comprised three non-executive and independent directors.

As stated in its rules of procedure, the Remuneration and Appointments Committee has the following duties:

- A) evaluate and make proposals to the Board of Directors on remuneration policy proposed by the Company for Directors with strategic responsibilities i.e., Key Managers;
- B) evaluate and make proposals to the Board of Directors on share-based incentive, stock option and stock grant plans and similar plans in order to provide incentives and promote loyalty of the management and employees of companies in the Group which the Company heads;
- C) make proposals or express opinions to the Board of Directors, in the absence of the directly involved parties, on the remuneration of Executive Directors,

Directors with particular responsibilities and Key Managers, as well as, at the instruction of the Chairman and of the Chief Executive Officer, to determine the criteria for the remuneration of the Company's senior management in ways that are able to attract, retain and motivate persons with a level of expertise and experience satisfying the Company's needs and are consistent with the remuneration policy. The Committee may also make proposals and express opinions on (i) the portion of remuneration of Executive Directors, Directors with particular responsibilities and Key Managers previously indicated by the Board of Directors, which is linked to the financial results of the Company and Group and/or possibly to the achievement of specific targets previously defined by the Board of Directors, and (ii) the setting of such performance targets. In this case, the criteria for determining the amount of compensation shall be fixed from year to year in relation to the strategic objectives determined from time to time by the Board of Directors;

- D) make proposals to the Board of Directors, in the absence of the directly involved parties, for the remuneration of Non-Executive Directors, which must be commensurate with the commitment required from each of these, after taking into account any involvement in one or more of the Company's internal committees. Only a small portion of this remuneration can be linked to the Company's financial results. Non-Executive Directors may be the beneficiaries of share-based incentive plans only on the basis of a justified decision by the Shareholders' Meeting;
- E) periodically evaluate the adequacy, overall consistency and actual application of the remuneration policy for Directors and Key Managers, using information provided by Executive Directors to evaluate actual application and to make general recommendations to the Board of Directors on this matter;
- F) propose to the Board of Directors candidates for the office of director in the event of being co-opted, when it is necessary to replace Independent Directors;
- G) express opinions to the Board of Directors regarding the Board's size and composition and make recommendations on the professional figures whose presence on the Board is considered appropriate;
- H) make recommendations regarding the maximum number of positions as director or statutory auditor in other companies listed on regulated markets (including foreign markets), and in financial, banking, insurance or large companies, which can be considered compatible with the effective performance of the office of a director of the Company, also taking into account directors' participation on board committees;
- I) express opinions in support of the Board of Directors' judgement concerning specific matters for which there is a prior, general authorisation to waive the non-compete provisions of Article 2390 Civil Code;
- J) carry out preliminary work in relation to any plan that the Board of Directors might decide to adopt for the succession of the Executive Directors;
- K) in the event that the outgoing Board of Directors, in compliance with the legislative and statutory provisions in force, evaluates the submission of a slate of candidates for the renewal of the Board of Directors, participates in the preliminary activity, expresses opinions and makes proposals, to identify candidates from among which those who will comprise the slate submit-

- ted by the outgoing Board will be chosen;
- L) supervise sustainability issues linked to the Company's doing business and its interactions with all the stakeholders. In particular:
- (i) monitoring the Company's position in the main sustainability indices;
  - (ii) expressing opinions on the initiatives and programmes promoted by the Company or by subsidiaries on Corporate Social Responsibility - (CSR);
  - (iii) examining, before the Board of Directors, the annual sustainability report prepared by the Company's competent departments;
  - (iv) as indicated by the Board of Directors, expressing opinions and making proposals concerning specific Corporate Social Responsibility - (CSR) issues.

The Committee is permitted to make use of internal or external consultants, to obtain information on market standards for compensation systems.

During the Financial Year, the Committee held five meetings, lasting an average of 75 minutes each, during which it:

- made proposals to the Board on the fixed and variable remuneration of the Company's Executive Directors, of the Key Managers and of the Head of Internal Audit, setting out a compensation policy in the event of early termination of employment;
- made proposals to the Board for the remuneration due to non-executive directors, the ones granted with particular offices included;
- took part in the process aiming at the fine tuning, to the market best practices, of the remuneration policy upon the indemnity due in the event of early termination of office or employment, in particular with respect to the Managing Director, which will be granted with compensation not greater than 24 months' base salary for early termination of employment;
- issued a positive opinion on the criteria adopted for the incentive policy based on achievement of predefined objectives and on the policies adopted for senior management remuneration;
- examined information on the Prysmian Group's remuneration policy, using it to compile the Remuneration Report, which was then approved by the Board of Directors and also submitted to the Shareholders' Meeting for examination;
- made a proposal to the Board for submitting to the Shareholders' Meeting's approval a three-year incentive plan for Prysmian Group employees;
- took part in the process of reviewing and planning for the succession for senior positions in the Group;
- followed the implementation and results achieved by the Group Employee Share Ownership Plan (YES Plan), also assessing the extension of the plan with new features;
- worked to the design of the new share ownership plan to be submitted during year 2016 to the Board of Directors;
- was involved in the examination of the candidates among which those deemed most suitable to comprise the slate submitted by the outgoing Board of Directors, for renewal of the same Board were identified.

All the members of the Committee, who were in office from time to time during the Financial Year, took part in the meetings held during the Financial Year. These meetings were also attended by the Head of Group Human Resources and Organisation in his role as committee secretary. The Board of Statutory Auditors, invited to participate in the Committee meetings, attended three of them.

The Chief Executive Officer, after being invited by the Committee, attended the

meeting in which the candidates were selected, among which those deemed most suitable to comprise the slate submitted by the outgoing Board of Directors were identified. No Directors participated in the Committee meetings when proposals on their Remuneration for submission to the Board were examined.

The Committee was provided access to corporate information and received the benefit of assistance from corporate functions, as required for the performance of its duties. In addition, the Committee did not deem it necessary to use additional consultants to those identified from time to time by the relevant company departments for assistance with the preparation of documents and reports in support of the topics discussed during the Committee's meetings and later brought to the attention of the Board.

During the financial year three Committee's meetings were held before the Board meeting during which the Report was approved. Even though a schedule of meetings has not been set beforehand, it is envisaged that the Committee shall hold a meeting before each Board of Directors' meeting in which the compensation, director appointments or assessments of the size and composition of the Board of Directors will be on the agenda.

For additional information about the Remuneration and Appointments Committee, see the Remuneration Report, published pursuant to Article 123-ter TUF, which may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance/Remuneration Policy/Remuneration Reports*.

## 8. REMUNERATION OF DIRECTORS

As recommended by the Code of Conduct, a significant part of the remuneration of Executive Directors and Key Managers is linked to the Issuer's financial results and/or the achievement of specific objectives.

The Executive Directors and Key Managers are beneficiaries of the long-term share-based incentive scheme for 2015-2017. They were also given the opportunity to join the discounted share purchase plan (YES Plan) open to Prysmian Group employees, introduced by the Company in 2013, extended in 2014 and this Financial Year. The plan allows them to buy Prysmian shares at a discount, paid in the form of treasury shares, of 1% of the purchase price, with their annual investment capped at 13,335.00 euros. Details of the execution of this scheme are set out in the Prysmian Group Consolidated Financial Statements in the section entitled "Incentive Plans" forming part of the Directors' Report, in the disclosure document prepared pursuant to Article 84-bis of the CONSOB Issuer Regulations, and in the Remuneration Report, all of which may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance/Remuneration Policy*.

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The remuneration of Directors is determined pursuant to Article 2389 Civil Code by the Shareholders' Meeting, which may also determine an overall sum for the remuneration due to Directors, including those with particular responsibilities. In this case, the Board of Directors, having examined the Remuneration Committee's proposals and consulted the Board of Statutory Auditors, shall divide the overall sum determined by the Shareholders' Meeting among its members. Directors are eligible for reimbursement of the expenses incurred to carry out their duties (Article 14 of the Bylaws).

The Shareholders' Meeting of 16 April 2015 awarded the Board, in addition to reimbursement of expenses incurred in the interests of the Company, an overall gross fee of Euro 530,000 for each of the years it remains in office, to be divided on a pro-rata basis according to the portion of the year that the Directors serve. The Shareholders' Meeting also granted the Board of Directors the authority to decide how such amount should be allocated to all or to just some of the individual directors, taking into account the specific responsibilities of each.

The Board of Directors accepted the recommendation presented by the Remuneration and Appointments Committee, establishing the following division for the overall annual remuneration:

(i) Euro 60,000 to the Chairman of the Board of Directors, (ii) Euro 50,000 to each of the 7 Non-Executive Directors qualifying as independent pursuant to TUF and (iii) Euro 20,000 to each of the 6 members of the Board Committees.

For additional information about the Directors and Key Managers remuneration policy, see the Remuneration Report published pursuant to Article 123-ter TUF.

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***Indemnity of directors in the event of resignation, dismissal for just cause or termination following a public tender offer (pursuant to Article 123-bis, paragraph 1 letter i) TUF)***

As concerns the agreements between the Issuer and the directors, which provide for indemnity in the cases provided for by Article 123-bis, paragraph 1, letter i), TUF, it should be noted that there are no prior agreements concerning early termination of office or employment that are not in compliance with the Code and corporate governance best practices, the law and local collective agreements, and in any event including compensation greater than two years' salary. In compliance with these provisions, agreements were made that provide for indemnity in case of early termination of employment with the Chief Executive Officer and General Manager, Valerio Battista, employee of Prysmian S.p.A., with a permanent contract as a manager since 1 June 2006, and with the Director and CFO, Pier Francesco Facchini, employee of Prysmian S.p.A., with a permanent contract as a manager since 8 January 2007.

In the event of early termination of employment of the above Executive Directors, who are also Company employees, payment of the above indemnities is not explicitly excluded when employment is terminated for objectively poor performance since these indemnities replace those provided for under the national collective employment agreement for senior managers of companies producing goods and services, which would be payable even when termination is due to poor performance.

Apart from the foregoing, there are no other agreements between the Issuer and the directors, in the cases provided for by Article 123-bis, paragraph 1, letter i), TUF.

## 9. CONTROL AND RISKS COMMITTEE

The Board of Directors set up a Control and Risks Committee (previously known as the "Internal Control Committee"), with the functions of providing advice and proposals to the same Board.

The operation of the Control and Risks Committee is governed by a set of rules, which may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance/Committees*.

### ***Composition and operation of the Control and Risks Committee (pursuant to Article 123-bis, paragraph 2, letter d), TUF)***

The Board of Directors appointed the following Directors as members of the Control and Risks Committee:

- Maria Elena Cappello, *Independent non-executive director pursuant to the Code and TUF*;
- Claudio De Conto, *Independent non-executive director pursuant to the Code and TUF*;
- Maria Letizia Mariani, *Independent non-executive director pursuant to the Code and TUF*;

This Committee must comprise solely non-executive directors, of whom at least two shall be independent.

The Board of Directors appointed Claudio De Conto as Chairman of the Committee, whose duties are essentially coordination of the committee's work. During the appointment process, the Board also verified that each of the members possessed appropriate knowledge and experience in finance and accounting or risk management issues.

The head of the Internal Audit department shall act as Committee Secretary, who will draft the meeting minutes, which, after being shared among the committee members, shall be signed by the Chair and filed in the Company Records.

After renewal at the Shareholders' meeting on 16 April 2015, the newly appointed Board of Directors set the current composition of the Committee on the same date. Even before the renewal of the Committee, it comprised three non-executive and independent directors.

Pursuant to its rules of procedure, the Control and Risks Committee has the following duties:

- A) support, with appropriate preliminary preparation, the judgements and decisions of the Board of Directors concerning the internal control and risk management system, as well as those relating to the approval of the periodic financial statements;
- B) provide its opinion to the Board of Directors concerning
  - (i) the definition of guidelines for the internal control and risk management system, so that the main risks facing the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, also determining to what extent such risks are compatible with the business's management in line with its strategic objectives;
  - (ii) the assessment, at least annually, of the adequacy of the internal control and risk management system with respect to the Company's characteristics and agreed risk profile, as well as its effectiveness;
  - (iii) the approval, at least annually, of the work programme prepared by the

- Head of Internal Audit;
  - (iv) the description, in the corporate governance report, of the main characteristics of the internal control and risk management system, and expression of its opinion on the system's overall adequacy;
  - (v) the evaluation of the results presented by the independent auditors in any letter of recommendations and in the report on key issues arising from the legal audit;
  - (vi) the appointment and removal of the Head of Internal Audit, the allocation to the same of adequate resources to carry out his/her responsibilities and the definition of his/her remuneration in line with company policy.
- C) to assist the Board of Directors by
- (i) evaluating, together with the Manager responsible for preparing corporate accounting documents and after consultation with the independent auditors and the Board of Statutory Auditors, the correct application of the accounting standards used and, in the case of groups, their consistency for the purposes of preparing consolidated financial statements;
  - (ii) expressing opinions on specific issues concerning identification of the main business risks;
  - (iii) examining the periodic reports that evaluate the internal control and risk management system and any particularly relevant reports prepared by internal audit;
  - (iv) monitoring the independence, adequacy, effectiveness and efficiency of internal audit;
  - (v) being able to request internal audit to perform tests on specific operating areas, notifying the Chairman of the Board of Statutory Auditors at the same time;
  - (vi) supporting, using appropriate investigation, the Board of Directors' assessments and decisions on risk management arising from prejudicial events that have come to the Board of Directors' attention;
- D) reporting to the Board of Directors, at least every six months, at the time of the approval of the annual and half-year financial statements, on the work performed and on the adequacy of the internal control and risk management system and by presenting proposals to the Board of Directors in this regard;
- E) if identified by the Board of Directors as the committee responsible for certain functions required by current regulations on related party transactions, providing opinions to the body responsible for approving specific related party transactions undertaken by the Company, or its subsidiaries, pursuant to the procedures adopted by the Company governing related party transactions;
- F) monitoring compliance with the Code of Ethics adopted by the Company.

Upon Legislative Decree 39/2010 becoming effective, the Board of Statutory Auditors were identified as the "Internal Control and Financial Audit Committee", meaning that some of the oversight duties belonging to the Control and Risks Committee were then shared with the Board of Statutory Auditors and conducted in a coordinated fashion.

The Board of Directors has assigned the Control and Risks Committee the duties and functions required of independent directors by the legal provisions concerning related party transactions and, specifically, the task of examining the Company's procedures prior to their adoption (and any future amendments to the same) and of

putting them into effect.

During the Financial Year, the Control and Risks Committee held 4 meetings, lasting an average of 2 hours each.

All the members of the Committee were present at the meetings held during the year.

During these meetings, among other issues, the Committee examined:

- the consolidated financial statements for 2013, the half-year financial report for 2014 and the results of the financial audits, as well as the interim management reports;
- the internal audit plan, internal audit activities carried out, the Group risk assessment activities, the status of the internal audit plan for 2015 and its results, as well as the structure and role of the Internal Audit Department;
- the proposal to begin the process for choosing a new independent auditor for the 20162024 financial years one year early, providing its assistance to the Board of Statutory Auditors during the selection process.

All members of the Committee took part in the meetings held during the Financial Year. These meetings were also attended by the Head of Group Internal Audit in his role as Committee secretary.

The Chairman of the Board of Statutory Auditors, or the other Standing Statutory Auditors in his place, attended every meeting of the Control and Risks Committee, whilst employees and experts, including representatives of the independent auditors, were also invited to attend as consultants.

The Committee was provided access to corporate information and received assistance from corporate departments, as required for the performance of its duties. In addition, the Committee did not deem it necessary to use additional consultants to those identified from time to time by the competent company departments for assistance with the preparation of documents and reports in support of the topics discussed during Committee's meetings and then brought to the attention of the Board.

During the current year the Committee held two meetings before the Board of Directors' meeting that approved the Report. Even though a schedule of meetings has not been set beforehand, it is envisaged that the Committee meets at least quarterly, at the end of the financial periods for which the Board of Directors is obligated to draft quarterly financial reports to be released to the market.

## 10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Starting from February 2013, the Board of Directors of the Parent Company approved specific guidelines for the founding principles of the Internal Control and Risk Management System (IC&RMS) to guide the identification, measurement, management and monitoring of the Group's most significant risks, in line with the Group's strategic objectives.

The IC&RMS shall apply to the Issuer and all Group subsidiaries. This system, integrated with corporate processes, aims to provide an appropriate structure for the pursuit of the Group's medium- to long-term objectives, so that any internal and/or external situations that might jeopardize the achievement of those objectives are promptly dealt with. Therefore, the Board of Directors shall use, in implementation of the provisions of the Code of Conduct, the Control and Risks Committee, the Head of Internal Audit (HIA), and the Risk Management Department guided by the Group's Chief Risk Officer (CRO), the Supervisory Boards of the Group's Italian companies made up pursuant to Legislative Decree 231/2001, and the managers responsible for preparing the corporate accounting documents.

The IC&RMS shall be implemented through complex set of rules of conduct (including the Code of Ethics and Group Rules of Conduct), organizational procedures and provisions set out and disseminated by the Group and through regular internal and external assessments.

Starting from 2012, Prysmian began to use an evolutionary Risk Management system, which fosters proactive risk management, using a structured and systematic tool to support the main corporate decision-making processes. This Enterprise Risk Management (ERM) model, developed in line with internationally acknowledged models and best practices, enables the Board of Directors and top management to regularly and dynamically analyse - that is, taking into account the changes in the business, in its demands and in events with potential impact over time - the nature and level of the Group's risks, in line with the Group's strategic objectives, thereby identifying risk management strategies to be adopted, or which risks and with what priority it is deemed necessary to create, improve or optimize risk mitigation measures, or more simply, to monitor the Group's exposure to risk over time.

The ERM model adopted, formalized in the Group ERM Policy, which incorporated the IC&RMS Guidelines, is: (i) extended to all types of potentially significant risk for the Group, detailed in the Risk Model, which divides the internal or external risk areas that characterize the Prysmian Group's business model into five groups (strategic, financial, operational, legal & compliance and planning & reporting); (ii) a common, clearly defined method for measuring and assessing specific risk events in terms of their impact, probability of occurrence and level of adequacy of the existing control system.

The Control and Risks Committee is regularly updated, through the participation of the CRO – appointed as of 2013 to govern the ERM process - in all Committee meetings, on the development of the Group ERM programme and on the outcome of the analysis of the actions implemented. The CRO first reports to an internal risk management committee comprised of Group senior management.

Each year, the above-mentioned process involves the Group's main business managers, enabling them to identify and assess the most significant risk factors and set out targeted mitigation measures, permitting the HIA to develop a risk-based audit plan for the next financial year, subject to the Board of Directors' approval.

For additional details on the main risks that emerged from the analysis performed,

see the Prysmian Group Consolidated Financial Statements (paragraph “Risk factors and uncertainties” contained in the Report on Operations).

In the final months of 2015, the Issuer also began, in compliance with recent amendments to the Code of Conduct published in the July 2015 edition, a specific process for the identification and analysis of the Group's sustainability risks. This process, involving the main heads of departments and business units, has the objective of identifying and managing the Group's economic, social and environmental sustainability requirements, ensuring the creation of value over time for its shareholders / stakeholders. For additional details on the main risks that emerged from the analysis performed, see the specific paragraph of the Financial Year's Sustainability Report, available on the company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Corporate/ Sustainability/ Downloads/ Sustainability Report*.

In addition, effective 1 January 2016, the Board of Directors entrusted the Remuneration and Appointments Committee with the supervision of sustainability issues linked to the Group's activities, as also described in paragraph 7 of this Report.

Among the HIA's duties is to independently and objectively verify that the IC&RMS functions are performed suitably and effectively.

The HIA reports on its actions and operations directly to the Prysmian Group Board of Directors as well as to the Control and Risks Committee and the Board of Statutory Auditors.

The identification and planning of internal control verifications begin with the main risks that emerged within the scope of the ERM process, and then takes into consideration:

- (i) the results of the internal control activities undertaken in previous years and the relevant recommendations, in order to identify possible internal control trends and/or deficiencies that should be further analysed;
- (ii) any need for additional details on the corporate areas/processed highlighted by senior management.

The Audit Plan for the 2015 financial year, based on the results of the 2014 risk assessment performed within the scope of the ERM process, was approved by the Board of Directors, with a favourable opinion from the Control and Risks Committee and after having heard the opinion of the Board of Statutory Auditors and the Director in charge of the internal control and risk management system, at the meeting on 25 February 2015.

In performing internal audit activities, the HIA and the relevant department's staff are given complete access to all the significant data, documentation, information and personnel for the performance of their function.

Any deficiencies and/or improvement measures that emerged within the scope of the audit activities provide for the immediate definition of actions to be taken to mitigate potential underlying risks, according to a priority order whose implementation is regularly monitored by the Internal Audit Department.

The HIA performs the functions of secretary for the Control and Risks Committee participating in all Committee's meetings and reporting on the progress of the Audit Plan, including any problems found, improvement measures agreed and their implementation, proposing changes to the original plan, where necessary.

Regular reporting to the Control and Risks Committee allows the HIA to annually provide an assessment on the adequacy and proper operation of the IC&RMS for the processes and areas under his/her responsibility. The Board, with the favourable opinion of the Control and Risks Committee, shall in its turn assess the ade-

quacy, efficacy and effective operation of the internal control and risk management system at the meeting when the draft financial statements for the year are examined. As concerns this Financial Year, this assessment was performed on 25 February 2015, leading to the judgement of essentially satisfactory operation.

***Main features of the internal control and risk management system over the financial reporting process (pursuant to Article 123-bis, paragraph 2, letter b), TUF)***

With particular reference to the financial reporting process, the analysis of the relevant risks and applicable internal controls are part of the Group's IC&RMS:

- (i) the ERM process takes into account the risks linked to corporate planning and financial reporting as well as some aspects of compliance including compliance with Law 262/2005 (the so-called Savings Law);
- (ii) the Internal Audit Department preparing the Group Audit Plan, which integrates the requirements for operations, security and reliability of the reporting systems and compliance with Law 262/2005 and Legislative Decree 231/2001;
- (iii) Prysmian maintains a system of administrative and accounting procedures aimed at ensuring the fairness, precision, reliability and timeliness of its financial reporting. These include:
  - Group Accounting Manual, which sets out accounting standard rules and applications;
  - Manual of Administrative Processes;
  - procedures for the creation and distribution of financial reporting;
  - other procedures for the preparation of the Consolidated Financial Statements and periodic financial reports (including the chart of accounts, consolidation procedures and procedures for related party transactions).

The Prysmian Group head office departments are responsible for distributing this documentation to the operating companies, which can access these accounting standards, procedures and rules through the Group's Intranet site. The operating companies may also issue local policies, procedures and rules that comply with centrally established guidelines.

In 2015, no updates to the Group Accounting Manual were necessary, while other administrative and accounting procedures have been updated in order to be compliant with the changes rising from the administrative reorganization which introduced a shared service center in certain European Countries.

Within the scope of compliance with Law 262/2005, in 2015, the Managers responsible for preparing corporate accounting documents, supported by the Internal Audit Department, began a scoping update, aimed at identifying those Group companies included in the scope of consolidation and the processes and sub-processes to be deemed significant for financial reporting. The analysis performed is based on economic and financial criteria set out as percentages and analysed in relation to qualitative parameters linked to the country/process risk level, the maturity of the internal control system, and strategic relevance in relation to Group growth expectations.

Based on the scoping results, the analysis of significant companies' processes and sub-processes is undertaken considering the potential risks connected to a failure to comply with "accounting assertions" - existence and occurrence, completeness, assessment and recording, presentation and reporting, rights and obligations - for each financial statement item deemed significant. In view of the risks encountered,

the Internal Audit Function then undertook a gap analysis aimed at identifying any deficiencies/needs for improvement for the internal control system and for the “key controls” - i.e. those controls necessary to reasonably guarantee that material errors in financial reporting, whether unintentional or fraudulent, are prevented or promptly identified - it specifically defined testing activities provided for by the Audit Plan, aimed at verifying the effectiveness of its design and its actual operation. Action plans aimed at strengthening existing controls or adjust its weaknesses are agreed with each process owner or reporting company, concerning potential areas for improvement identified during the checks undertaken. The Internal Audit Department constantly monitors the implementation of the actions defined in the gap analysis above.

The results of the activities undertaken pursuant to Law 262/2005 are regularly subject to examination by the Managers responsible for preparing the corporate accounting documents and then brought to the attention of the Control and Risks Committee, the Board of Statutory Auditors and the Board of Directors of the Parent Company.

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### **10.1. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Board of Directors appointed Valerio Battista, the Chief Executive Officer and General Manager as the Director in charge of supervising the operation of the internal control and risk management system. Within the scope of his responsibilities, in 2015, this Director implemented the IC&RMS guidelines defined by the Board by specifically focussing on its:

- (i) design, creation and management, as well as constant assessment of its adequacy and efficiency;
- (ii) update based on the development of operational conditions and the regulatory and legislative framework;
- (iii) identification of the main corporate risks, in line with the existing ERM process, taking into account the characteristics of the Group, whose results are regularly subject to examination by the Board of Directors.

In addition, the Director in charge:

- may request, whenever deemed necessary, that the Internal Audit Department undertake specific control and verification activities in compliance with the timely reporting to be provided to the Chairmen of the Board of Directors, the Control and Risks Committee and of the Board of Statutory Auditors;
- promptly reports to the Control and Risks Committee on any problems and critical issues that may emerge during his work or that he has become aware of, so that the Committee may take appropriate action.

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### **10.2. HEAD OF INTERNAL AUDIT**

To ensure satisfactory action by the IC&RMS, the Group has set up a structure

dedicated to Internal Audit, under the direction of Marc Sinagra, appointed as Head of Internal Audit (HIA) on 31 July 2014 by the Board of Directors, on proposal of the Director in charge of supervising the operation of the internal control and risk management system, subject to the favourable opinion of the Control and Risks Committee and after hearing the opinion of the Board of Statutory Auditors, setting out its remuneration in line with corporate policies.

In compliance with the Code, the HIA is hierarchically dependent on the Board of Directors that appointed him. He shall also report to the Control and Risks Committee and the Board of Statutory Auditors. Lastly, the HIA has no responsibility in any operational area even though he has direct access to all information useful for the performance of his functions.

The HIA's task is to continuously verify that the internal control and risk management system duly operates in relation to specific requirements and in compliance with international professional standards. Therefore, the HIA shall draft an annual Group Audit Plan based on the risk assessment performed within the scope of the ERM process set out in the previous financial year – see section 10 of the Report. The 2015 Audit Plan was approved by the Board of Directors on 25 February 2015.

Hence, during the Financial Year, the HIA:

- (i) assessed the operation and adequacy of the internal control and risk management system based on the Audit Plan approved by the Board of Directors, including specific checks on the reliability of the accounting and IT systems. In this regard, the HIA employed specialized external experts to perform certain IT activities provided for by the Audit Plan, defining and monitoring their execution. The HIA reported the outcomes of his verifications to the Control and Risks Committee and the Board of Statutory Auditors at regular meetings;
- (ii) reported on his own work at meetings with the Control and Risks Committee and the Board of Statutory Auditors. He takes part in the Committee meetings as Secretary and coordinates the discussions. If requested by the Board of Statutory Auditors, he reports during their quarterly inspections on the issues in the scope of his responsibility;
- (iii) regularly reported on his own activities, his risk management methods, on particularly significant events, and the compliance with the plans set out to contain risk, whilst also providing an assessment - as concerns the areas and processes verified - of the satisfactory operation of the internal control and risk management system. These reports are sent to the Chairmen of the Board of Statutory Auditors, of the Control and Risks Committee and to the Director in charge of the internal control and risk management system.

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### **10.3. ORGANISATIONAL MODEL (pursuant to Legislative Decree 231/2001)**

In compliance with the recommendations of Legislative Decree 231/2001 (“Decree 231”), on 24 January 2006, Prysmian S.p.A. Board of Directors adopted its own organisational, management and control model (the “Model”), last updated by resolution dated 8 May 2014. The other Italian companies in the Group in turn adopted their own Model consistent with the different specifications and circumstances applying to each one.

The Model is regularly subject to revision, consistently with legislative developments on the administrative crimes and offences pursuant to Decree 231, the dynamics of the Group's corporate governance system and organisational structure, in order to ensure its relevance and effectiveness over time. Subsequent to the amendments made to Decree 231 in 2015 as concerns the so-called Eco-crimes<sup>1</sup> against the environment and money laundering offences<sup>2</sup>, the Internal Audit Department initiated a risk assessment with the objective of assessing the Group's exposure to the above-mentioned crime-risks ensuring, as required, the update of the Model adopted by Prysmian and by each of the Group's Italian companies.

The Model, which is an integral part of the Group's governance system, has been conceived to operationally apply appropriate rules of conduct that will prevent illicit behaviour deemed significant by the Company pursuant to Decree 231, based on an analysis of corporate activities, decision-making processes and the existing control system.

The Company has therefore deemed it appropriate to regulate processes and strengthen the internal control systems as specifically concerns the following crimes and offences provided for by Decree 231: Articles 24 and 25 (crimes against the Public Administration), Article 24-bis (computer crimes and unlawful processing of data), Article 25-bis (1) (Crimes against industry and trade), Article 25-ter (Corporate offences, including the crimes of "Inducement to provide or promise benefits" and "Corruption in the private sector"), Article 25-sexies (market abuse), Article 25-septies (manslaughter or actual or grievous bodily harm committed in breach of the rules on health and safety at work), Article 25-octies (handling stolen goods, money laundering and use of money, goods or utilities from illegal sources), Article 25-undecies (environmental crimes) and Article 25-duodecies (employment of illegally staying third-country nationals).

The Model has two sections:

- a) Section One has a general nature aimed at illustrating the content of Decree 231, the rules of governance and the Model's general standards. In this regard, the following are an essential part of it:
  - the Code of Ethics, which sets out the ethical standards of conduct that all who do business on behalf of Prysmian or its subsidiaries are obligated to comply with. This document is published on the Prysmian website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Corporate Governance* and on the Group's Intranet. For the purposes of its widest possible distribution, the Code of Ethics has been translated into 26 languages and is made available to every one of the Group's member companies, with regular training sessions on it are offered to employees and staff.
  - Rules of Conduct, which lay down the main standards of conduct expressed by the above-mentioned Code of Ethics, detailing areas of conduct in two categories of "to do" and "not to do", thereby responding to the need of prevention of possible crime-risk situations.
- b) Section Two, aimed at identifying and regulating specific types of conduct to be maintained in areas identified as potentially at risk of crime for the Company, through the definition of specific protocols for decision making, man-

<sup>1</sup> Law 68/2015 so-called "Eco-Crimes Law": "Provisions concerning crimes against the environment."

<sup>2</sup> Law 186/2014 "Provisions concerning the voluntary disclosure of capital held abroad as well as for the strengthening of the fight against tax evasion. Provisions on money-laundering." This measure brought changes to the legal system including the addition to the criminal code and Article 25-octies of Legislative Decree 231/2001 of the new crime of money laundering (Article 648-ter.1) as well as the harshening of the penalties for money laundering (Article 648-bis) and for the use of money, goods or utilities from illegal sources (Article 648-ter).

agement and control, which, when implementing the standards of conduct as set out in the Code of Ethics and the Rules of Conduct, govern for each crime-risk process: (i) roles and responsibilities of the subjects involved, (ii) decision making/authorization procedures, (iii) procedures for management and control of activities.

An extract of the Model, in its latest version approved by the Board of Directors on 8 May 2014, may be viewed on the Company website at [www.prysmiangroup.com](http://www.prysmiangroup.com) under *investor relations/corporate governance/overview*.

### ***Supervisory Board***

In compliance with Legislative Decree 231/2001, the Company has set up a Supervisory Board, appointed to its current office by the Board of Directors on 16 April 2015 with its term ending at the same time as the current Board of Directors, currently foreseen as the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2017. The Supervisory Board, comprising several members, has the duty of supervising the operation of and compliance with the Model and ensuring its update through submission of proposals to the Board of Directors. The Board also resolved a €100,000 annual expense provision, unused in 2015, to provide the Supervisory Board with suitable financial resources for its activities.

The Board of Directors deemed it appropriate, at the time of its appointment, to set up a specific Supervisory Board, instead of entrusting the task to the Board of Statutory Auditors as permitted by recent amendments to the above-mentioned legislative decree. This choice was deemed appropriate to meet the independence and competence requirements, both fundamental to ensure that the Supervisory Board's actions are authoritative and effective.

The members of the Supervisory Board currently in office, qualified and possessing the integrity requirements as defined by the Model are: Maria Luisa Mosconi, Chairwoman, self-employed professional and already a Standing Statutory Auditor of Prysmian S.p.A., Silvano Corbella, self-employed professional and expert consultant on the application of Legislative Decree 231/2001 and Marc Sinagra, HIA.

In 2015, the Company's Supervisory Board met four times and, with the support of the Internal Audit Department, verified the actual application and awareness of the rules of control and conduct pursuant to Legislative Decree 231/2001, supplementing the Group Audit Plan approved by the Board of Directors.

Every six months, the Supervisory Board, through the results of the checks it makes, reports on the Model's application and effectiveness to the Board of Directors.

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## **10.4. INDEPENDENT AUDITORS**

The independent audit of the accounts is entrusted, by law, to a specialist firm registered at the Ministry of Economy and Finance's register. The Bylaws state that this assignment must be conferred by the Shareholders' Meeting at the reasoned proposal of the Board of Statutory Auditors.

The serving independent auditors are PricewaterhouseCoopers S.p.A. They were engaged by the Shareholders' Meeting of 16 January 2007 to carry out the independent statutory audit of the Company's financial statements and Prysmian

Group's consolidated financial statements and to perform a limited review of the Company's half-year financial reports for the period 2007-2015. The engagement will end with the approval of the financial statements for the year ended 31 December 2015.

In consideration of the impending conclusion of the assignment of the currently serving independent auditors and to ensure effective and efficient independent auditing, the Board of Statutory Auditors and the Control and Risks Committee endorsed the opportunity to anticipate the decision to award the new assignment for the nine-year period from 2016 to 2024 to the 2015 financial year; without prejudice to the new appointment becoming effective only upon the termination of the current independent auditors' assignment.

Therefore, the Prysmian Board of Statutory Auditors undertook the necessary activities to make its reasoned proposal to award the new assignment for the nine-year period from 2016 to 2024 known to the Shareholders' Meeting.

The Shareholders' Meeting of 16 April 2015 resolved to assigned the independent auditors Reconta Ernst & Young S.p.A. the task of auditing the accounts for the nine-year period from 2016 to 2024.

During the Financial Year, the serving independent auditors met with the Group's other control bodies several times. They were invited to participate in both the Control and Risks Committee meetings to discuss significant events and the activities performed for the half year reporting periods, and at the Board of Statutory Auditors meetings to discuss regular control activities. Minutes were taken in all of the meetings.

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## **10.5. MANAGER RESPONSIBLE FOR PREPARING CORPORATE ACCOUNTING DOCUMENTS**

The Board of Directors, with the favourable opinion of the Board of Statutory Auditors, jointly appointed the heads of the "Financial Statements & Compliance" and "Planning & Controlling" departments as the Managers Responsible for preparing corporate accounting documents (Responsible Managers). In making this choice, the Board of Directors took account of the Group's organisational structure and the national best practices adopted by other listed companies, also supported by an interpretation published by Assonime<sup>1</sup> (Italy's listed company association), which recommends keeping the office of Manager Responsible for corporate accounting documents separate from Board members, because the two offices have different and independent responsibilities.

Hence, the Responsible Managers currently in office are Carlo Soprano, head of Financial Statements & Compliance, appointed on 10 November 2011, effective the following day, and Andreas Bott, head of Planning & Controlling, appointed on 8 November 2012, effective 1 January 2013.

In compliance with Article 19 of the Bylaws, both Responsible Managers possess the requisites of professionalism and competence, having also gained at least three years of overall experience through the performance of at least one of the following activities:

- a) administration, control or executive duties in a business environment;
- b) professional activities in the field of credit, finance, securities or insurance;

<sup>1</sup> See Assonime Circular No.44 of 2 November 2009.

- c) university lecturing on subjects relating to law or economics;
- d) administrative or executive functions with public entities or authorities pertaining to the credit, finance, securities or insurance sector or with public entities or authorities not pertaining to these sectors as long as their duties involved managing economic and financial resources.

The Board of Directors has granted both Responsible Managers all powers and authorities necessary for the performance of their duties pursuant to the applicable provisions of TUF and the relevant implementation regulations. Specifically, the Responsible Managers may:

- directly access all the information used for the production of accounting data, making use of internal communication channels, which ensure a proper exchange of information among the different corporate departments and bodies. Those powers may be exercised with subsidiaries and the corporate hierarchies of the consolidated companies;
- lay down administrative and accounting procedures, also providing proposals and evaluations on all procedures already adopted by the Company and the Group;
- request the Internal Audit Department's support for the update of the Model to comply with Law 262/2005;
- deal directly with the independent auditors, the Control and Risks Committee and the Board of Statutory Auditors.
- participate directly in the Board of Directors' meetings or by way of the Control and Risks Committee and the Board of Statutory Auditors.

In addition, the Responsible Managers, together with the Chief Executive Officer, shall certify the following, through a specific report, drafted according to the model established by CONSOB regulation and annexed to the separate financial statements, the consolidated financial statements and the condensed half-year financial reports that: (i) the administrative and accounting processes have been adequately and effectively applied, (ii) these documents correspond to the accounting records and books and (iii) they are able to provide a true and fair view of the financial, economic and equity situation of the Company and of the group of companies included in the scope of consolidation.

The Responsible Managers shall also issue specific statements certifying that interim financial information (e.g., interim reports on operations and/or press releases issued to the market) corresponds to the accounting records and books of the Company and of the group of companies included in the scope of consolidation.

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## **10.6. COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Prysmian Group fosters the exchange of information among the bodies involved in governance of the internal control and risk management system, whose continuity and timeliness shall be ensured through:

- participation of the Board of Statutory Auditors in the Control and Risks Committee meetings;
- participation of the Responsible Managers in the Control and Risks Committee meetings at least twice a year;
- regular reporting to the Control and Risks Committee, the Board of Statutory

Auditors and to the relevant Director and to the Board of Directors by the HIA and the CRO, on the work done concerning the internal control and risk management system;

- the exchange of information between the Control and Risks Committee, the independent auditors and the Responsible Managers concerning the accounting standards applied and the adequacy of the administrative and accounting processes applied for preparing the Company's and the Group's financial reports;
- regular reporting to the Board of Directors the Board of Statutory Auditors by the Supervisory Board.

## 11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

In view of the provisions and guidelines contained in CONSOB Resolution 17221 of 12 March 2010, as subsequently amended, the Board of Directors has voted to adopt a set of "Procedures for Related Party Transactions", which may be found on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com), under *Investor Relations/Corporate Governance/Related Parties Regulation*.

These procedures govern, inter alia: (i) the roles of the different parties directly involved in the procedures (for example, the Shareholders' Meeting, the Board of Directors, the committee of independent directors, heads of department, etc.); (ii) the gathering, management and publication of information concerning the Prysmian list of related parties; (iii) how transactions that the Company intends to carry out with related parties should be reviewed and approved; (iv) how and when information and documentation concerning proposed transactions should be made available; (v) exemption from the procedures for certain types of related party transactions and under certain circumstances.

As recommended in CONSOB Communication DEM/10078683 of 24 September 2010, in 2013, the Board of Directors, with the approval of the committee of independent directors, reviewed the above procedures, concluding that there was no need for them to be revised.

Still during the 2013 financial year, at the recommendation of the Board of Directors, these procedures were updated, with the approval of the relevant committee, in order to implement the new policy adopted for identifying Key Managers.

Related party transactions, if any, are detailed in the notes to the financial statements in the section entitled "Related party transactions".

## 12. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to the Bylaws, the appointment of the Statutory Auditors takes place based on slates presented by shareholders who, alone or together with other shareholders, hold shares representing at least 2% of share capital with voting rights, or with a lower percentage established by law or regulation. These slates must be filed at the registered offices at least twenty-five days before the date set for the Shareholders' Meeting in first call. Each slate must be accompanied by statements in which the individual candidates accept their candidacy and by the candidates' curriculum vitae. In compliance with CONSOB Decision 19499 on 28 January 2016, the minimum shareholding requirement for submitting candidate slates for 2016 is 1%.

The Bylaws (Article 21) contains procedures for the submission of slates, for compliance with applicable legislation concerning gender balance, for the conduct of elections and the voting process and the replacement of statutory auditors who vacate office during their mandate.

In particular, it should be noted that slates with a total number of candidates equal to, or greater than, three must comprise candidates from both genders, so that at least one third (rounded upwards) of the candidates for the office of standing statutory auditor and at least one third (rounded upwards) of the candidates for the office of alternate statutory auditor belong to the less well represented gender in that slate.

The first two candidates on the slate with the highest number of votes and the first candidate on the slate with the second highest number of votes, who also assumes the position of Chairman of the Board of Statutory Auditors, are elected as standing statutory auditors. The first candidate on the slate with the highest number of votes and the first candidate on the slate with the second highest number of votes are elected as alternate statutory auditors.

If the above procedures do not ensure that the composition of the standing members of the Board of Statutory Auditors complies with the currently applicable regulations on gender balance, the necessary replacements will be made from among the standing statutory auditor candidates on the slate with the highest number of votes, in accordance with the numerical order in which candidates are listed.

The Statutory Auditors serve for three years and their term in office expires on the date of the Shareholders' Meeting called to approve the financial statements relating to their third year in office. They are eligible for re-election. The Chairman of the Board of Statutory Auditors and one of the Alternate Auditors are appointed by the Shareholders' Meeting from among the Statutory Auditors elected by minority shareholders.

Pursuant to the Bylaws, members of the Board of Statutory Auditors must fulfil the requirements of professional and personal standing and independence set out in the applicable legislation. In particular, for the purposes of Article 1, paragraph 2, letters B) and C) of Ministry of Justice Decree 162 of 30 March 2000, the business sectors and fields viewed as strictly pertinent to the Company are those relating to the Company's sector of operations, as well as fields relating to private and commercial law, economic disciplines and those relating to the Company's business sector.

The appointment of the current Board of Statutory Auditors took place on 16 April 2013, when the Shareholders' Meeting elected the new statutory auditors using the slate voting system.

At that time, the following two slates of candidates were filed for renewal of the Board of Statutory Auditors:

- **Slate 1**, submitted by the shareholder Clubtre S.p.A. (formerly Clubtre S.r.l.) owner, on that occasion, of 13,290,312 ordinary shares equal to 6.196% of Prysmian share capital:

<b>Section One Standing Statutory Audi- tors</b>	<b>Section Two Alternate Statutory Audi- tors</b>
1. Paolo Lazzati	1. Marcello Garzia
2. Maria Luisa Mosconi	

- **Slate 2**, submitted jointly by the shareholders Allianz Global Investors Italia SGR S.p.A. manager of the fund: Allianz Azioni Italia All Stars; Anima SGR S.p.A. manager of the funds: Prima Geo Italia and Anima Italia; APG Algemene Pensioen Groep NV manager of the funds: Stichting Depositary APG Developed Markets Equity Pool; Arca SGR S.p.A. manager of the funds: Arca Azioni Italia and Arca BB; BancoPosta Fondi SGR S.p.A. manager of the funds: BancoPosta Mix 1, BancoPosta Mix 2, BancoPosta Azionario Euro and BancoPosta Azionario Internazionale; Ersel Asset Management SGR S.p.A. manager of the fund: Fondersel P.M.I.; Etica SGR S.p.A. manager of the funds: Etica Azionario, Etica Bilanciato and Etica Obbligazionario Misto; Eurizon Capital SGR S.p.A. manager of the funds: Eurizon Azioni Italia; Eurizon Capital SA, manager of the funds: Eurizon EasyFund Equity Italy, Eurizon Easyfund Equity Italy LTE, Eurizon EasyFund Equity Europe LTE, Eurizon EasyFund Equity Industrials LTE, Eurizon Investment Sicav – PB Equity EUR and Eurizon Investment Sicav Europe Equities; FIL Investments International manager of the funds: Fid Funds Euro Blue Chip, Italy and Fidelity Global Special Situations Fund; Fideuram Investimenti SGR S.p.A. manager of the fund: Fideuram Italia Fund; Fideuram Gestions SA manager of the funds: Fideuram Fund Equity Europe, Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav manager of the fund: Interfund Equity Italy; Mediolanum Gestioni Fondi SGR S.p.A. manager of the fund: Mediolanum Flessibile Italia; Mediolanum International Funds Limited manager of the fund: Challenge Funds; Pioneer Asset Management SA; Pioneer Investment Management SGRp.A. manager of the funds: Pioneer Italia Azionario Crescita and Fondo Pioneer Italia Obbl Più and UbiPramerica manager of the funds: Ubi Pramerica Azioni Italia and Ubi Pramerica Azioni Euro, owners, on that occasion, of 7,224,359 ordinary shares equal to 3.367%:

<b>Section One Standing Statutory Audi- tors</b>	<b>Section Two Alternate Statutory Audi- tors</b>
1. Pellegrino Libroia	1. Claudia Mezzabotta

Based on the two slates submitted, the first three candidates indicated in Slate 1 were appointed as members of the Board of Statutory Auditors, voted by the majority of those with voting rights participating in the Shareholders' Meeting, equal to

approximately 81% of the share capital present or represented, and the first two candidates indicated in Slate 2 were voted by a minority of those with voting rights participating in the Shareholders' Meeting, equal to approximately 12.5% of the share capital present or represented.

Therefore, taking account of the aforementioned shareholders' meeting vote and of the legislation concerning protection of minority interests just as incorporated in Prysmian Bylaws, the Board of Statutory Auditors was composed as follows:

- **Pellegrino Libroia**, Chairman of the Board of Statutory Auditors, drawn from Slate 2
- **Paolo Francesco Lazzati**, Standing Statutory Auditor, drawn from Slate 1
- **Maria Luisa Mosconi**, Standing Statutory Auditor, drawn from Slate 1
- **Marcello Garzia**, Alternate Statutory Auditor, drawn from Slate 1
- **Claudia Mezzabotta**, Alternate Statutory Auditor, drawn from Slate 2.

The three-year term of the Board of Statutory Auditors currently in office will expire on the date the Shareholders' Meeting approves the financial statements for the year ended 31 December 2015.

Lastly, the Shareholders' Meeting set the annual compensation for the Chairman of the Board of Statutory Auditors at Euro 75,000 and at Euro 50,000 for the annual compensation for each Standing Statutory Auditor.

The composition of the Board of Statutory Auditors has not undergone any changes since the close of the year.

### 13. STATUTORY AUDITORS (pursuant to Article 123-bis, paragraph 2 letter d) TUF)

As required by Article 2409-bis Civil Code, the independent statutory audit of the accounts was entrusted to a firm of auditors, who must comply with the regulations applying to audits of listed companies and are under CONSOB supervision.

The Board of Statutory Auditors is therefore required to monitor the Company's compliance with the law and its Bylaws and to comply with good management principles in the conduct of its business, and to control the adequacy of the Company's organisational structure, internal control system and administrative accounting system.

Pursuant to the effects of Legislative Decree 39/2010, the Board of Statutory Auditors was identified as the "Internal Control and Financial Audit Committee", meaning that it has supervisory duties over the financial reporting process, the effectiveness of the systems of internal control, internal audit and risk management, over the statutory audit of the separate and consolidated annual accounts and over the independence of the external auditing firm.

The Board of Statutory Auditors held six meetings during the Financial Year, attended by an average of 89% of its members in office. The average Board of Statutory Auditors meeting lasted about two hours and a half. The Statutory Auditors also ensured their presence at the one and only Shareholders' Meeting held in the year, and at meetings of the Board of Directors, the Remuneration and Appointments Committee and of the Control and Risks Committee.

During the financial year, the Board of Statutory Auditors held two meetings before the meeting when the Report was approved, whilst no other meetings have been scheduled in view of the forthcoming expiry of this Board of Statutory Auditors' term of office with the approval of this Financial Year's financial statements.

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#### ***Personal and professional details of each statutory auditor'***

Below are short curriculum vitae for each Statutory Auditor, describing their personal details, field of expertise and past experience in business management.

#### **Pellegrino Libroia**

##### *Chairman of the Board of Statutory Auditors*

He holds a degree in Economics and Business, obtained in 1970, from the University of Pavia. He qualified as a certified accountant in 1977 and has been an authorised statutory auditor since 1995. From 1970 to 1977, he worked as an auditor for Peat Marwick & Mitchell (now KPMG). From 1977 to 1981, he worked as an auditor for FIDIMI S.p.A., a company that merged in 1982 with Reconta Touche Ross, now known as Ernst & Young, where he held the position of auditor partner from 1982 until 2010, providing audit services to major listed and unlisted groups, such as Italgas, Edison, Gemina, Aem Milano, Campari, RCS Editori, SNIA, Mondadori and Pirelli. In this position, he was the author of important fairness opinions issued in accordance with the law and gained extensive experience in acquisitions of companies and/or businesses by Italian groups, as well as in the listing of Italian companies on the Milan Stock Exchange. From 2005 until 2010, he was Chairman of Ernst & Young S.p.A., as well as Country Managing Partner of the Ernst & Young Italian network and Ernst & Young Mediterranean Sub Area Managing

Partner (Italy, Spain and Portugal). In July 2010, he was one of the founders of the Libroia Gallo D'Abruzzo firm of tax, legal and corporate advisors. Since January 2015, he has been a partner of the Leo Libroia e Associati firm of tax, legal and corporate advisors. Currently, among the more significant offices he holds are Chair of the Board of Statutory Auditors at Davide Campari Milano S.p.A., Ethica Corporate Finance S.p.A. and SELMABIPIEMME Leasing S.p.A., Standing Auditor at Alerion Clean Power S.p.A., COMPASS S.p.A., and Member of the Board of Directors at Duemme SGR S.p.A.

He has been a member of Prysmian's Board of Statutory Auditors since 16 April 2013, having been elected on the slate submitted jointly by a group of shareholders comprising asset management companies and institutional investors, which received the second highest number of votes at the Shareholders' Meeting.

### **Paolo Francesco Lazzati**

#### *Standing Auditor*

He earned his degree in Economics and Business, with a specialisation in Business Administration, at the Università Cattolica del Sacro Cuore (Sacred Heart Catholic University) in Milan. He is a registered professional accountant and a member of the Register of Auditors and has been a visiting lecturer at the faculty of Economics and Business of the University of Trento (from 1993 to 2001) and of the University of Pavia (since 1995). After beginning his career in his father's practice, he joined the law firm of "Paolo Maria Tabellini and Associates" in 1990 as an associate. In 2000, he founded a professional association, primarily serving companies and/or groups, including those under reorganisation, expansion and restructuring. He holds and has held positions as Director and Statutory Auditor in industrial and financial companies, including listed companies.

He has been a member of Prysmian's Board of Statutory Auditors since 16 April 2013, having been elected on the slate submitted by the shareholder Clubtre, which received the majority of votes in the Shareholders' Meeting.

### **Maria Luisa Mosconi**

#### *Standing Auditor*

She received her degree in Economics and Business from the Luigi Bocconi University in Milan in 1988. She has been a certified professional accountant since 1992 and has been listed in the Register of Legal Auditors since 1995. She has been listed in the Court Register of Technical Consultants since 1997 and is an associate in the NED Community, an Italian association for independent non-executive directors. She has worked as a professional accountant for the firm of Sole-Asnaghi-Tosi, mainly dealing with insolvency, corporate crises and appraisals. Her professional expertise also extends to corporate finance, strategy (planning, corporate restructuring and crisis), business development and corporate governance. She works with the Bankruptcy Court of Milan, serving as an official receiver, advisor and judicial liquidator. She has been a visiting lecturer at the Università Cattolica del Sacro Cuore (Sacred Heart Catholic University) in Milan for courses on "Industrial and commercial technique" with Professors Giordano Caprara and Mario Massari, and on "Financial analysis and corporate finance" with Professor Mario Massari.

She has also been a visiting lecturer at the "Luigi Bocconi" University in courses on "Corporate Finance (Analysis for corporate finance transactions)" with Professor Gualtiero Brugger and "Corporate Finance" with Professors Maurizio Dallochio, Mario Massari and Gualtiero Brugger. The various appointments she currently

holds include those as a member of the Supervisory Board of Banca Popolare di Milano S.c.a.r.l., as an independent director of Biancamano S.p.A., and as a standing statutory auditor at Lventure Group S.p.A., for ATM – Azienda Trasporti Milanesi S.p.A., The Walt Disney Company Italia S.r.l. and for MetalWork S.p.A.

She has been a member of Prysmian's Board of Statutory Auditors since 16 April 2013, having been elected on the slate submitted by the shareholder Clubtre, which received the majority of votes in the Shareholders' Meeting.

### **Marcello Garzia**

#### *Alternate Auditor*

He obtained his diploma from the Luigi Einaudi Commercial Institute in Milan in 1967; he has been an official auditor since 1992, listed in the Register of Auditors. For 29 years, of which 18 in a managerial role, he worked for the Pirelli Group, where he held positions of responsibility in the administration and control area (Internal Audit, Group Administrative Systems and Projects). Since 1997, he has worked as a consultant for several important companies on organization projects (special corporate operations, revision of administrative processes and implementation of internal control systems). He is currently serving as a statutory auditor and member of monitoring boards, set up under Legislative Decree 231/2001, for several Prysmian Group companies.

He was elected on the slate submitted by the shareholder Clubtre, which received the majority of votes in the Shareholders' Meeting.

### **Claudia Mezzabotta**

#### *Alternate Auditor*

She earned her degree in Business Economics in 1993 from the "Luigi Bocconi" University in Milan and a Master of Arts in Industrial/Organizational Psychology in 2002, from New York University's Graduate School of Arts and Science in New York, NY, in the United States.

She has worked as a professional accountant since 1994, in Milan, where she owns her own practice, which provides accounting, corporate, and tax advisory services. She has been an authorised statutory auditor since 1999. She is also a UK By-lawsed accountant, having been admitted to the Institute of Bylawsed Accountants of England and Wales (London, United Kingdom) in January 2013. From 2010 to 2014 she was a member of global IFRS SME Implementation Group, instituted at the IASB in London, UK; since 2011 she has been a member of European EFRAG SME Working Group, instituted at the EFRAG in Brussels, Belgium; since 2015 she has been a member of the SME Reporting Task Force a part of the "Financial Reporting Policy Group" of the FEE in Brussels, Belgium; since 2015 she has been a member of the working group on national accounting standards at the OIC in Rome, Italy. She is Chairman of the Accounting Standards Commission of the Milan Professional Accountants Association. She also writes extensively about national and international accounting standards for several Italian publishers, including in particular IPSOA Wolters Kluwer, EGEA and Giuffrè. She is currently in office as a member of the board of statutory auditors, among others as Chair at F.I.L.A. S.p.A., Carrara S.p.A. and Fultes S.p.A., and as an ordinary member at Inalca SpA, Synopo SpA, Pentagramma Perugia S.p.A., Sabre Italia Srl, and Ottana Polimeri S.r.l. She is also sole statutory auditor at GE Lighting Srl. She was Chairman of the Board of Statutory Auditors of Fiat Industrial S.p.A. until 30 September 2013 and a standing auditor with Ansaldo Energia SpA until 3 December

2014.

She was elected on 16 April 2013 from the slate submitted jointly by a group of shareholders comprising asset management companies and institutional investors, which received the second highest number of votes at the Shareholders' Meeting.

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Based on the statements supplied by its members, after appointment by the Shareholders' Meeting, the Board of Statutory Auditors has verified that all its members meet the independence requirements that apply to directors under Article 3 of the Code and the independence requirements set out in Article 148, paragraph 3, TUF. When making this assessment, the Board of Statutory Auditors did not adopt different criteria to those provided for by the Code for the independence of directors.

A similar verification was made by the Board of Statutory Auditors during the year, the results of which confirmed that its members still meet the foregoing independence requirements.

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The Board of Statutory Auditors attended the induction meeting arranged by the Chairman of the Board of Directors with the aim of increasing the Directors and Statutory Auditors awareness of the Prysmian Group's economic and business dynamics. This meeting specifically involved a visit to one of the Group's facilities in Pikkala, Finland.

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The Control and Risks Committee meetings are the main occasion to exchange information among those members with significant duties concerning internal controls. The Board of Statutory Auditors and the Head of Internal Audit always take part in these meetings, with the latter acting as secretary and assistant to the Committee Chairman in the coordination and organization of the activities. At these times, there is always an exchange of information useful for the performance of the duties assigned to the three persons involved in internal controls.

## 14. RELATIONS WITH SHAREHOLDERS

The Board of Directors shall identify and appoint a head of Investor Relations, assigning the office and verifying that the person indeed possesses the necessary qualifications and experience for this role. As of 1 October 2014, Maria Cristina Bifulco was assigned the post of *Group Investor Relations Director*.

The Group Investor Relations Director has the task of managing relations with institutional investors and financial analysts through a process of transparent and timely communication.

In particular, upon publication of its annual, half-yearly and quarterly results, the Company organises specific conference calls with institutional investors and financial analysts, also allowing the specialist press to take part. In addition, the Company promptly advises shareholders and potential shareholders of every event or decision that might have an important impact on their investment.

The Investor Relations Director is in constant contact with investors, organising both group and one-to-one meetings in the main financial centres in Italy and abroad. The Investor Relations section of the Company website contains audio/video recordings of conference calls and presentations to the financial community as well as documents and press releases published by the Company.

Investors may address their requests for information to the Investor Relations office:

Tel. 02.6449.1

Fax 02.6449.4509

[mariacristina.bifulco@prysmiangroup.com](mailto:mariacristina.bifulco@prysmiangroup.com)

## 15. SHAREHOLDERS' MEETINGS (pursuant to Article 123-bis, paragraph 2 letter c), TUF)

Pursuant to Article 11 of the Bylaws, "All shareholders entitled to attend general meetings may be represented at such meetings by issuing a written proxy, in the cases and within the limits permitted by applicable law. The proxy form for participation at the general meeting may also be notified to the company by sending it to the certified email address specified in the notice of the meeting".

In order to reduce the restrictions and requirements that might make it difficult and costly for those eligible to attend meetings and exercise their voting rights, the Bylaws allow the Board of Directors to specify in the notice of the meeting that attendance is permitted via telecommunication media which enable all those attending the meeting to be identified and allow them to follow the debate and contribute in real time to the discussion of items on the agenda.

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The Board of Directors resolved, in compliance with Article 9 of the Bylaws and the provisions of the Code, to submit to the Shareholders' Meeting a set of regulations for shareholders' meetings which was approved at the Shareholders' Meeting on 28 February 2007. The regulations for shareholders' meetings govern the orderly and functional conduct of meetings and ensure each shareholder the right to speak on the items under discussion.

In particular, the regulations contain procedures for verifying the right to participate in Shareholders' Meetings, for entering and exiting the premises where the meeting is held, for joining in the debate, with particular attention to the amount of time allowed for those eligible to express their opinion on items on the agenda and for members of the Board of Directors and the Board of Statutory Auditors to reply.

These regulations also define the powers of the meeting's Chairman and the voting procedures. The regulations may be viewed on the Company website, [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Investor Relations/Shareholder Information/Shareholders' Meeting*.

The meeting's Chairman directs the debate, giving the floor to directors, statutory auditors and those eligible who have requested to speak. Bearing in mind the subject and importance of individual items on the agenda, as well as the number of people requesting to speak, the Chairman decides in advance how long each speaker and respondent may speak in order to ensure that the proceedings can be completed in one session.

Those eligible may request to speak on each item on the agenda only once, making comments, requesting information and putting forward proposals. Speakers are permitted to request the floor until the Chairman declares the debate on the related item closed. Persons who requested the floor are entitled to make a brief reply.

The Chairman establishes how speakers request the floor and the order in which they may speak.

In order to allow the Chairman, and at the latter's request, anyone assisting him, to respond more completely to issues raised, those eligible are permitted to submit written notes to the Board of Directors setting forth the issues on which they intend to speak, even before the Shareholders' Meeting is opened.

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In order to ensure that shareholders have sufficient information to take informed decisions in their meetings, the Board of Directors approves specific "reports on items on the agenda" and publishes them within the legally required term, including on the Company website.

During the Shareholders' Meeting called to approve the annual financial report, the Chief Executive Officer and the Chief Financial Officer present this document using detailed slides and comment on the main figures in the Company's separate financial statements and in the Prysmian Group's consolidated financial statements, thereby reporting on its activities to shareholders.

Nine of the eleven Directors in office at the date of the Shareholders' Meeting on 16 April 2015 attended this meeting. Two of the Directors present were also members of the Remuneration and Appointments Committee, and so were able to provide the Shareholders' Meeting with information about how this Committee works, in addition to that already provided in the Remuneration Report.

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During the year the Company's share capital did not undergo any significant changes. The market capitalization trend has followed the trend of Prysmian stock, whose has been positive positive thanks to the good results announced during the Financial Year and to minimize the negative impact expected for the submarine Western Link project.

There were no important changes in the shareholder structure during the year.

**16. OTHER CORPORATE GOVERNANCE PRACTICES  
(pursuant to Article 123-bis, paragraph 2 letter a), TUF)**

There are no other corporate governance practices to disclose other than those reported and described in the preceding sections.

## 17. CHANGES SINCE YEAR END

There have been no other changes in the corporate governance structure since the end of the year apart from those already reported and described in the preceding sections.

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## TABLES

**TABLE 1 INFORMATION ON OWNERSHIP STRUCTURE**  
(as at 31 December 2015)

<b>SHARE CAPITAL STRUCTURE</b>			
	<b>No. Shares</b>	<b>% of share capital</b>	<b>Listed</b>
Ordinary Shares	216,720,922	100.00	MTA
Shares with suspended voting rights (*)	2,707,176	1.25	MTA

(\*) Treasury shares held directly and indirectly by the Company at 31/12/2014.

<b>OTHER FINANCIAL INSTRUMENTS</b> (assigning the right to subscribe to newly issued shares)				
	<b>Listed</b>	<b>No. instruments outstanding</b>	<b>Class of shares to service conversion</b>	<b>No. shares to service conversion</b>
Convertible Bonds	MTF - Vienna	€300,000,000	Ordinary Shares	13,444,113

<b>Declarant</b>	<b>Direct shareholders</b>	<b>% of ordinary share capital (*)</b>	<b>% of voting share capital (*)</b>
<b>Clubtre S.p.A.</b>	<b>Clubtre S.p.A.</b>	<b>5.856</b>	<b>5.856</b>
<b>J.P. Morgan Chase &amp; Co.</b>	<i>J.P.Morgan Securities Ltd.</i>	1.815	1.815
	<i>J.P.Morgan Whitefriars Inc.</i>	0.005	0.005
	<i>J.P.Morgan Ventures Corp.</i>	0.008	0.008
	<b>J.P. Morgan Chase &amp; Co. Total</b>	<b>1.828</b>	<b>1.828</b>
<b>Norges Bank</b>	<b>Norges Bank</b>	<b>2.101</b>	<b>2.101</b>
<b>State Street Global Advisors Ireland Ltd.</b>	<b>State Street Global Advisors Ireland Ltd.</b>	<b>2.132</b>	<b>2.132</b>
<b>People's Bank of China</b>	<b>People's Bank of China</b>	<b>2.018</b>	<b>2.018</b>
<b>Massachusetts Financial Services Company</b>	<i>MFS Heritage Trust Company</i>	0.469	0.469
	<i>MFS Institutional Advisors Inc</i>	0.340	0.340
	<i>MFS Investment Management Canada Limited</i>	0.002	0.002
	<i>Massachusetts Financial Services Company</i>	1.340	1.340
	<b>Massachusetts Financial Services Company (Total)</b>	<b>2.151</b>	<b>2.151</b>
<b>Balckrock Inc.</b>	<i>Blackrock Asset Management North Asia Limited</i>	0.001	0.001
	<i>Blackrock Japan Co Ltd</i>	0.090	0.090
	<i>Blackrock Life Limited</i>	0.245	0.245
	<i>Blackrock (Netherlands) BV</i>	0.030	0.030
	<i>Blackrock (Luxembourg) SA</i>	0.584	0.584
	<i>Blackrock Fund Managers Limited</i>	0.221	0.221
	<i>Blackrock Advisors (UK) Limited</i>	0.045	0.045
	<i>Blackrock Investment Management LLC</i>	0.090	0.090
	<i>Blackrock Financial Management Inc.</i>	0.013	0.013
	<i>Blackrock Fund Advisors</i>	1.310	1.310
	<i>Blackrock Advisors LLC</i>	0.027	0.027
	<i>Blackrock International Limited</i>	0.016	0.016
	<i>Ishares (DE) I Investmentaktiengesellschaft mit Teilvermogen</i>	0.007	0.007
<i>Blackrock Institutional Trust Company, National Association</i>	1.338	1.338	

Declarant	Direct shareholders	% of ordinary share capital (*)	% of voting share capi- tal (*)
	<i>Blackrock Investment Management (UK) Limited</i>	0.076	0.076
	<i>Blackrock Investment Management (Australia) Limited</i>	0.024	0.024
	<i>Blackrock Asset Management Deutschland Limited</i>	0.108	0.108
	<i>Blackrock Asset Management Ireland Limited</i>	0.745	0.745
	<i>Blackrock Asset Management Canada Limited</i>	0.040	0.040
	<b>Balckrock Inc. Total</b>	<b>5.010</b>	<b>5.010</b>
<b>Market</b>		<b>78.904</b>	<b>78.904</b>
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

(\*): Information about shareholders, who directly or indirectly hold significant interests, as defined by regulations applying to listed companies, is also available on the CONSOB website. It should be noted however that the information published on the CONSOB website, based on notifications by parties required to comply with Article 120 TUF and the CONSOB Issuer Regulations, could differ from the situation presented above; this is because CONSOB is not required to adjust the percentage share-holdings for changes resulting from capital increases.

**TABLE 2 STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

Situation as at 31 December 2015

Board of Directors													Remuneration and Appointments Committee		Control and Risks Committee			
Office	Members	Year of Birth	Date of first appointment (*)	In office as of	In office until	Slate (**)	Exec.	Non-Exec.	Indep. Code	Indep. TUF	***	No.other offices ****	*****	***	*****	***		
<b>Chairman</b>	Massimo Tononi	1964	21/07/2010	01/01/2015	31/12/2015	BOD	-	X	-	X	8/8	3	m	5/5	-	-		
<b>•/□ CEO and GM</b>	Battista Valerio	1957	15/12/2005	01/01/2015	31/12/2015	BOD	X	-	-	-	8/8	-	-	-	-	-		
<b>Director</b>	Battaini Massimo	1967	25/02/2014	25/02/2015	31/12/2015	-	X	-	-	-	8/8	-	-	-	-	-		
<b>Director</b>	Maria Elena Cappello	1968	18/04/2012	01/01/2015	31/12/2015	BOD	-	X	X	X	7/8	4	-	-	m	4/4		
<b>Director</b>	Alberto Capponi	1954	16/04/2015	16/04/2015	31/12/2015	m	-	X	X	X	5/5	3	-	-	-	-		
<b>Director</b>	Claudio De Conto	1962	21/07/2010	01/01/2015	31/12/2015	BOD	-	X	X	X	8/8	2	m	5/5	C	4/4		
<b>Director</b>	Monica de Virgiliis	1967	16/04/2015	16/04/2015	31/12/2015	BOD	-	X	X	X	5/5	-	-	-	-	-		
<b>Director and CFO</b>	Pier Francesco Facchini	1967	28/02/2007	01/01/2015	31/12/2015	BOD	X	-	-	-	8/8	1	-	-	-	-		
<b>Director</b>	Maria Letizia Mariani	1960	16/04/2015	16/04/2015	31/12/2015	BOD	-	X	X	X	5/5	-	-	-	m	3/3		
<b>Director</b>	Fabio Ignazio Romeo	1955	28/02/2007	01/01/2015	31/12/2015	BOD	X	-	-	-	8/8	1	-	-	-	-		
<b>Director</b>	Giovanni Tamburi	1954	18/04/2012	01/01/2015	31/12/2015	m	-	X	X	X	8/8	5	P	3/3	-	-		
DIRECTORS WHO VACATED OFFICE DURING THE YEAR																		
<b>Director</b>	Cesare d'Amico	1957	18/04/2012	01/01/2015	16/04/2015	m	-	X	X	X	1/3	-	-	-	-	-		
<b>Director</b>	Giulio Del Ninno	1940	15/12/2005	01/01/2015	16/04/2015	BOD	-	X	X	X	3/3	-	P	2/2	-	-		
<b>Director</b>	Friedrich W. Froehlich	1942	03/03/2011	01/01/2015	16/04/2015	BOD	-	X	X	X	3/3	-	-	-	m	1/1		
On occasion of the most recent appointment of the Board of Directors on 16 April 2015, the minimum shareholding for presenting candidate slates was 1% of share capital.																		
Number of meetings held during the year.										BOD 8			RAC 4			CRC 5		

**Notes**

- This symbol indicates the director in charge of the internal control and risk management system.
- This symbol indicates the Chief Executive Officer.
- (\*) The date of first appointment of each director is the date on which that director was appointed for the very first time to the BoD.
- (\*\*) This column reports the slate from which each director was elected ("M": Majority slate "m": Minority slate; BOD: BoD slate).
- (\*\*\*) This column reports the number of meetings of the BoD and its committees attended by the directors (no. attendances/no. meetings held during a director's effective period of office).
- (\*\*\*\*) This column reports the number of appointments held by the person in question as a director or statutory auditor of other companies listed on regulated markets, in Italy or abroad, or of financial, banking, insurance or other large companies. The list of these companies for each director in office at 31 December 2014 is attached to this Report (Annex A).
- (\*\*\*\*\*) This column reports the role of the Director in each Committee ("C": Chairman; "m": member).

### TABLE 3 STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Situation as at 31 December 2015

Board of Statutory Auditors									
Office	Members	Year of Birth	Date of first appointment (*)	in office as of	in office until	Slate (**)	Indep.as per the Code	Participation in the Board meetings ***	No. of other offices ****
Chairman	Pellegrino Libroia	1946	16/04/2013	01/01/2015	31/12/2015	m	X	6/6	12
Standing Auditor	Paolo Francesco Lazzati	1958	16/04/2013	01/01/2015	31/12/2015	M	X	5/6	54
Standing Auditor	Maria Luisa Mosconi	1962	16/04/2013	01/01/2015	31/12/2015	M	X	5/6	14
Alternate Auditor	Marcello Garzia	1946	28/10/2005	01/01/2015	31/12/2015	M	X	N/A	7
Alternate Auditor	Claudia Mezzabotta	1970	16/04/2013	01/01/2015	31/12/2015	m	X	N/A	12
AUDITORS WHO VACATED OFFICE DURING THE YEAR									
-	-	-	-	-	-	-	-	-	-
On occasion of the most recent appointment of the Board of Statutory Auditors on 16 April 2013, the minimum shareholding for presenting candidate slates was 1% of share capital.									
Number of meetings held during the year: 6									

#### Notes

- (\*) The date of first appointment of each statutory auditor is the date on which that auditor was appointed for the very first time to the Board of Statutory Auditors.
- (\*\*) This column reports the slate from which each auditor was elected ("M": Majority slate "m": Minority slate).
- (\*\*\*) This column reports the participation of each auditor in the meetings of the Board of Statutory Auditors (no. of attendances/no. of meetings held in the financial year).
- (\*\*\*\*) This column reports the number of appointments held by the person in question as a director or statutory auditor that are significant for the purposes of Article 148-bis TUF and the relevant implementation regulations included in the CONSOB Issuer Regulations. The complete list of appointments has been published by CONSOB on its website, in accordance with Article 144-*quinquiesdecies* of the CONSOB Issuer Regulations

## ANNEXES

ANNEX A

**LIST OF APPOINTMENTS HELD BY DIRECTORS IN OFFICE AS AT  
31 DECEMBER 2015**

(in companies listed on regulated markets, or in financial, banking or insurance companies)

<i>NAME AND SURNAME</i>	<i>OFFICE</i>	<i>COMPANY</i>
<b>Massimo Tononi</b>	Director	Italmobiliare S.p.A.
	Chairman	Monte dei Paschi di Siena
	Chairman	ISA - Istituto Atesino di Sviluppo S.p.A.
<b>Maria Elena Cappello</b>	Director	Monte dei Paschi di Siena
	Director	Saipem S.p.A.
	Director	A2A S.p.A.
	Director	Seat PG S.p.A.
<b>Alberto Capponi</b>	Director	Sator S.p.A.
	Director	T.I.P. S.p.A.
	Director	Clubtre S.p.A.
<b>Claudio De Conto</b>	Chairman	Star Capital SGR S.p.A.
	CEO	Artsana Group
<b>Pier Francesco Facchini</b>	Chairman BOD	Prysmian Treasury S.r.l. (*)
<b>Fabio Ignazio Romeo</b>	Chairman	Oman Cables Industry S.A.O.G. (*)
<b>Giovanni Tamburi</b>	Chairman and Chief Executive Officer	Tamburi Investment Partners S.p.A.
	Director	Amplifon S.p.A.
	Director	Interpump S.p.A.
	Director	Zignago Vetro S.p.A.
	Director	Clubtre S.p.A.

(\*) Prysmian Group company

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