

2020 AGM Remuneration topics

April 2020

Prysmian
Group

Linking
the Future

Drivers of our remuneration strategy

(1/3)

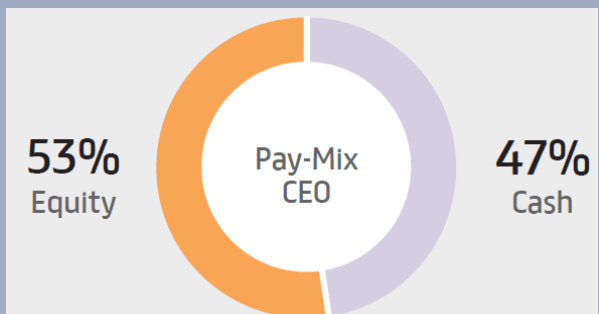
Fostering sustainable value

50% of the KPIs composing our sustainability scorecard are **linked to remuneration systems** (MBO and LTI)

10%-15% of the management annual incentive (MBO)

20%-30% of the management long-term incentive (LTI) are linked to the **achievement of sustainability targets**

over **50%** of the **CEO's** total compensation is **paid in equity in the medium-long term** (3-5 years),



SDGs	KPI	BASELINE 2019	TARGET 2022
	Percentage of product families (cables) covered by carbon footprint	70%	85%
	Percentage of annual revenues Low carbon enabling products	48%	48% to 50%
LTI	Percentage reduction of Greenhouse Gas emissions (Scope 1 and 2)	889 ktCO2	-2% to -3%
	Percentage reduction of energy consumption	9845 TJ	-3%
LTI	Percentage of total waste recycled	63%	64% to 66%
	Percentage of drums (tons) reused annually	28%	Maintain
	Number of sustainability audits conducted based on supply chain sustainability risk	15	30
MBO	Percentage production sites with ISO 14001 certification	83%	95%
	Percentage of cables assessed in line with Prysmian internal Ecolabel criteria	0%	20%
LTI	Employee Engagement Index (EI) Leadership Impact Index (LI)	EI: 65% LI: 57%	EI: 67% to 70% LI: 59% to 65%
LTI	Percentage of women in executive positions	12%	14% to 18%
MBO	Frequency rate of injuries Severity rate of injuries	IF: 1.30 IG: 41.54	IF: 1.2 IG: 41
MBO	Percentage of white collar women hired on a permanent basis	33%	40%
	Average hours of training per year per employee	26 hours	30 hours

Drivers of our remuneration strategy

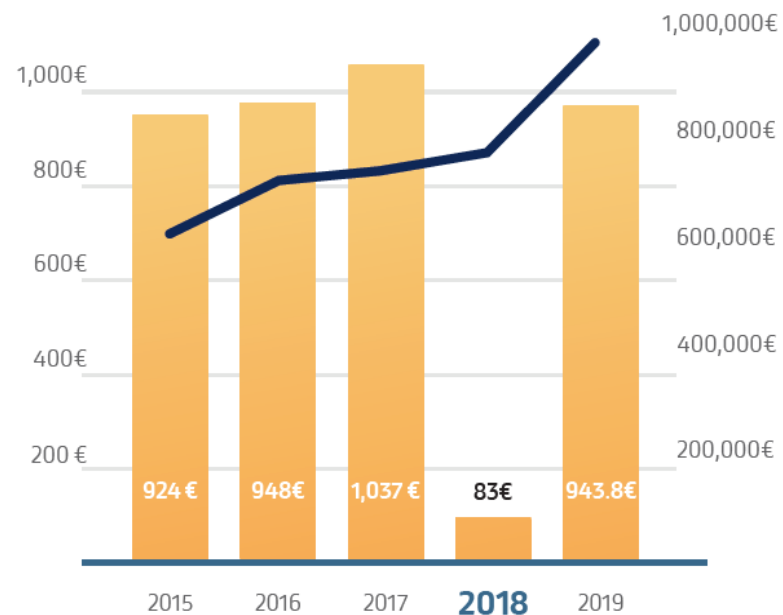
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*Generating results,
sharing success*

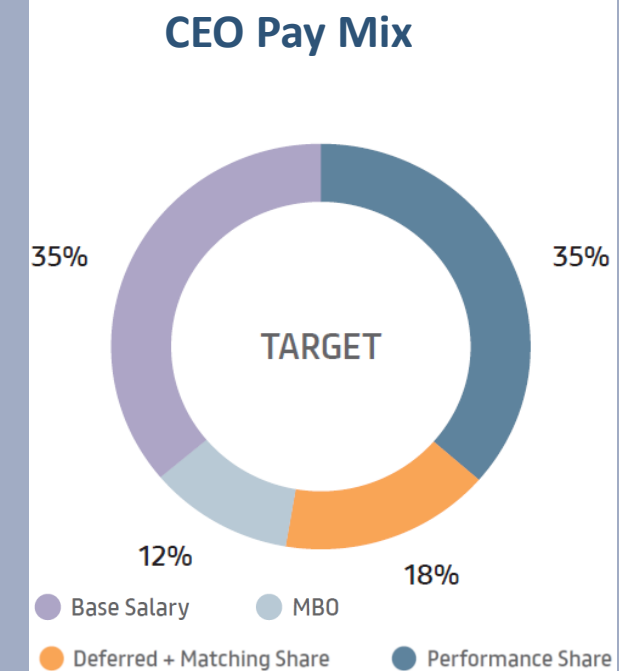
about **2/3rd** of the **CEO's** total compensation is **variable upon results**



CEO - MBO paid and adj EBITDA



For 2018, the CEO's vested annual bonus was 331,650 €, of which 82,913 actually paid out. The 248,737 € difference, co-invested in the LTI Plan 2018-2020, was lost after the cancellation of the plan in November 2019.



Drivers of our remuneration strategy

(3/3)

Transparency and long-term engagement

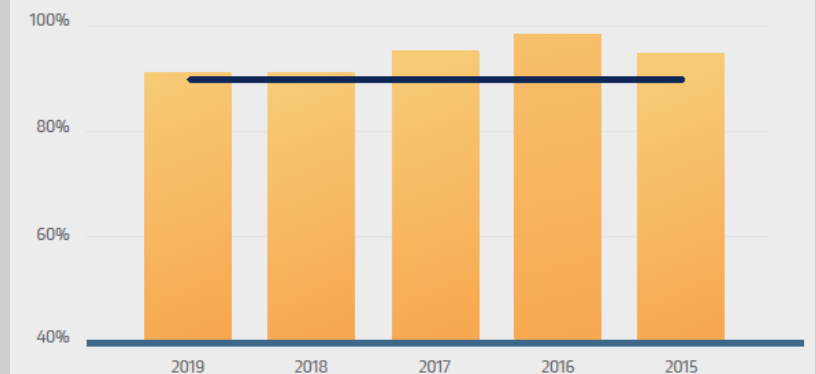
Over **9,000 employees**, in more than **30 countries** are stable shareholders of the company and own about **3.5%** of the capital

Free of discrimination

Remuneration systems are not influenced by gender, age, ethnicity, cultural background or race. We value the diversity of our people and support inclusion by avoiding pay differentials related to any form of discrimination. We believe that involving people in the company's success is the best way to motivate them to work better and we do so through equity-based incentive plans.

CEO pay ratio	CEO	Average Group Employee	Ratio
Fixed remuneration paid in 2019	€ 1,100,000	€ 34,398	32:1
Fixed and variable remuneration paid in 2019	€ 2,043,800	€ 37,464	55:1

The remuneration policy has been **supported by a large favourable vote** of our shareholders **>90%**



Share Ownership Guideline

3x fixed pay for CEO

1.5x fixed pay for Executive Directors and MSR

Acting on COVID-19

Business **continuity** while **protecting** our people

Make all the best efforts **to keep factories running**, but **strongly increasing hygiene and prevention** measures for **non desk** and **desk** workers in every site and plant

- *Social distancing, no aggregation activities*
- *Physical distance of 1.5 meters, extensive use of smart-working*
- *Protective personal equipment*
- *Intensified cleaning and sanitization measures*
- *Tracking the line of potential COVID-19 cases in order to isolate individuals*

- *Temporary layoffs, social welfare plans*
- *Use of paid holidays, paid time off*
- *“bank of hours” and similar type of temporary flexibility*

Minimize social impact of lockdown and slowdown of business activities

No redundancies,
Protection of base salary income

Increased **cost management** discipline

Reassessment of **CapEx**

- *CEO and his top team to invest half of their STIs for year 2019 in company shares as a sign of commitment and confidence in the recovery from the pandemic-related crisis and in long-term growth perspective*

2020 Annual Incentive Plan

MBO

CEO

ON/OFF gate

ON/OFF Adjusteted EBITDA (€M)

925 Threshold

950 Target

1,020 Max

-50% of level of achievement*

100

150

*Linear reduction between threshold and target level of ON/OFF condition

No reduction if target ON/OFF is met

Consistent with 2020 Guidance

OBJECTIVES

OBJECTIVES	Weight	
	min	max
1_Group Adjusted EBITDA	40	60
2_Group Net Financial Debt	30	45
3_Fixed Costs	20	30
4_ESG	10	15
	100	150

2020 Adj. EBITDA target (€M)

950

1.020

FCF target (€M)*

FCF before acquisition & disposals

~330±10%

* Assumed no cash-out related to Antitrust provisions

ESG

Target range 2020

Frequency rate of injuries	1.28 - 1.23
% production sites with ISO 14001 certification	85% - 87%
% of desk workers women hired	33% - 35%
Assessment of positioning in indexes	

Impact of COVID-19 excluded

LTI Plan 2020-2022

Structure

LTI Plan 2020-2022

The new LTI Plan 2020-2022, subject to the Shareholders' Meeting approval for the AGM called on April 28, with specific resolution pursuant to art. 114-bis, para. 1 of the Italian Legislative Decree No. 58/1998, is a **key pillar** of the remuneration policy as well as a **fundamental component of long-term engagement of our key people**.

The LTI Plan is made up of 2 components

Performance Share

Free allocation of shares upon achievement of performance conditions over a three years time frame (2020-2022)

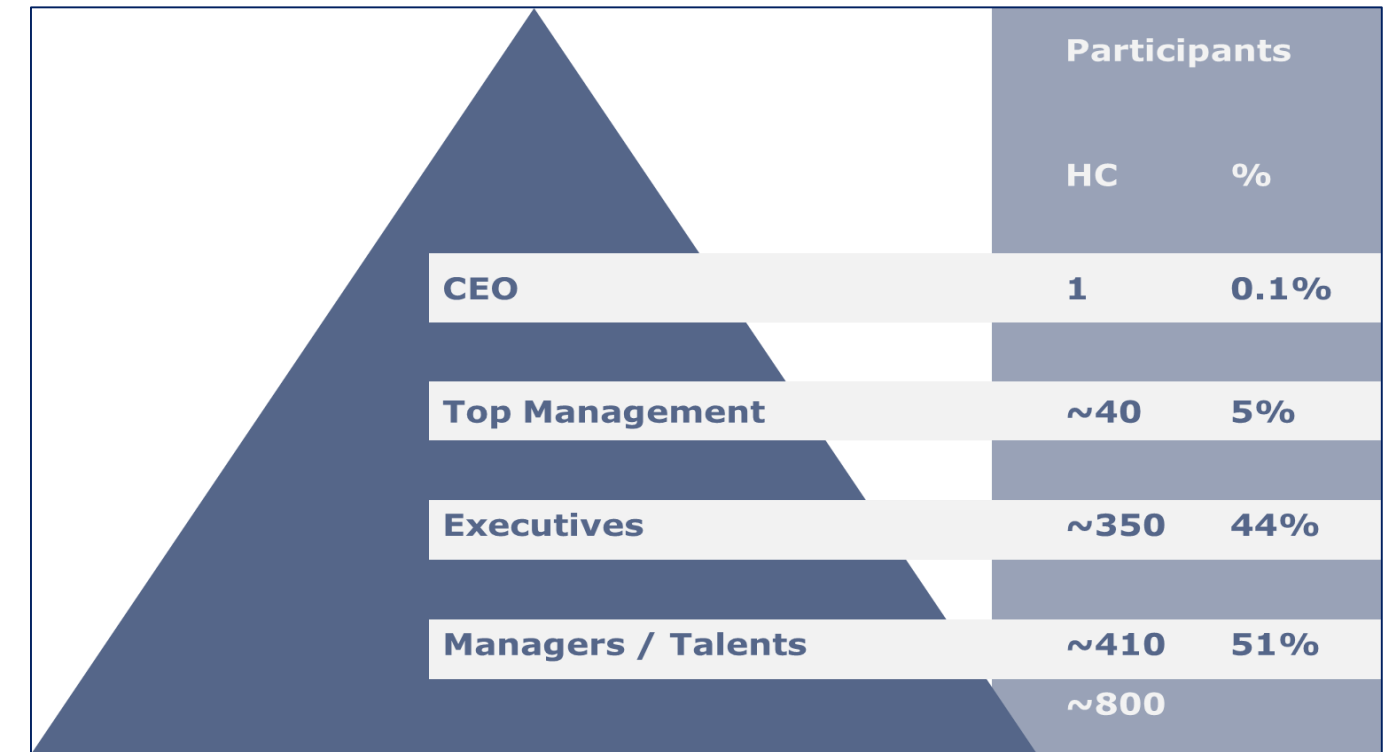
Deferred Share with Matching

Deferred payout of 50% of annual bonus vested for the performance achieved in years 2020, 2021 and 2022 with the allocation of 0.5 free shares, i.e. Matching Share, for each allocated Deferred Share

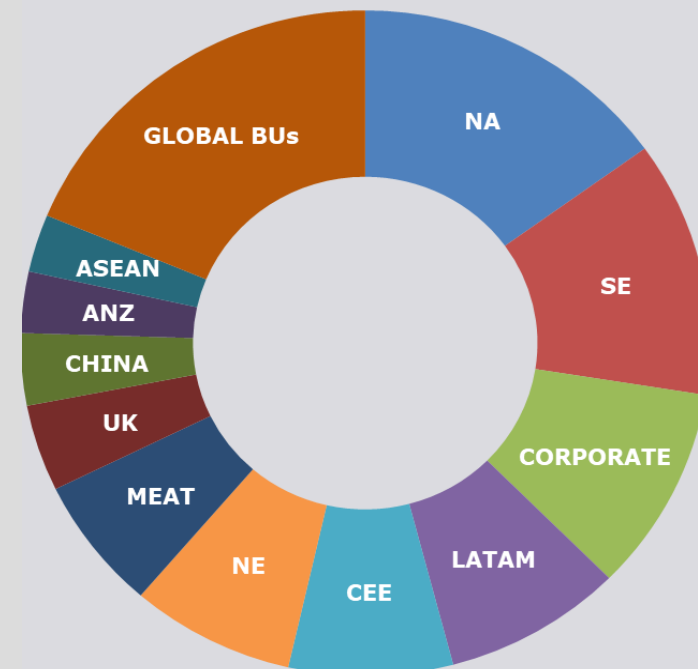
LTI Plan 2020-2022

Drivers

- **Simplification** and **alignment** with market best practices
- **Sustainability** of performance over time
- **Greater participation** in long term value creation via extending equity-based remuneration to a broader group of managers & professionals
- **Retention** lever to support post-merger integration, especially in some competitive regions



Truly global reach



~ 800 Key People
CEO
Top Management
Key Managers
Talents

Enhancing gender mix

~20% women
among participants

vs 16% women
in former LTIP

vs 12% female
executives today

Performance Share

Conditional grant of free shares upon achieving performance conditions

Grant size CEO

Max 1,5x

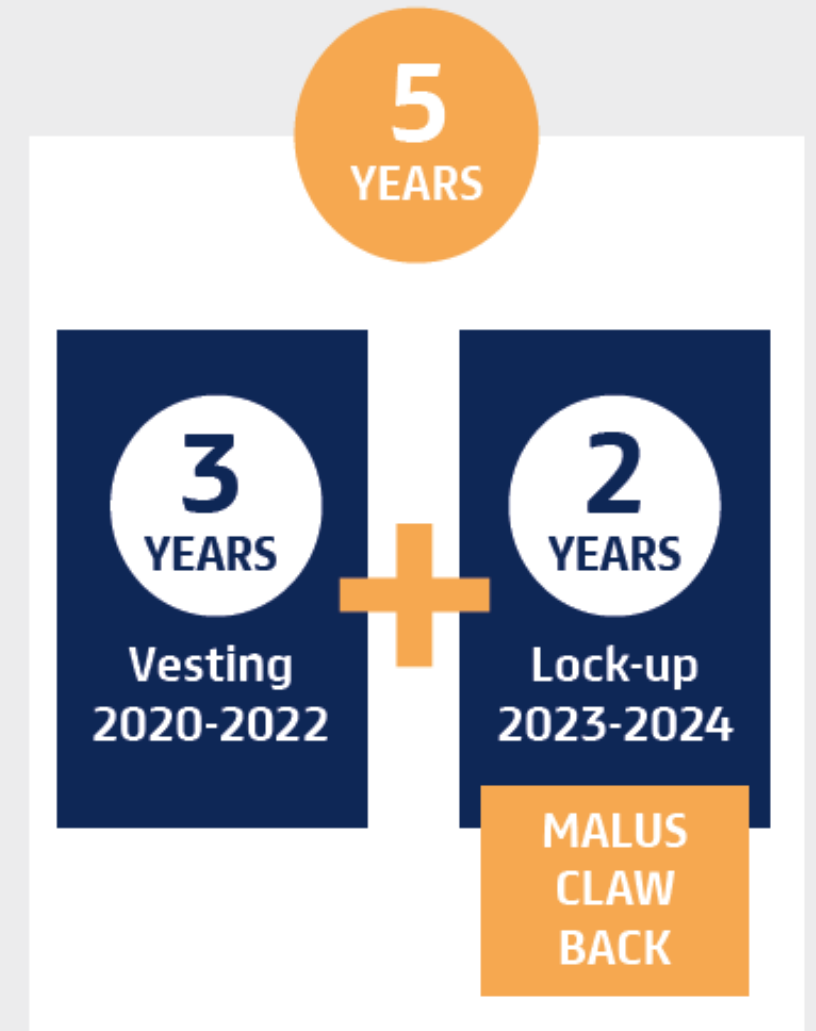
Target 1,0x

of annual base salary, per year

The potential impacts of Covid-19 pandemic are not factored in the 3-years performance ranges. The company does not intend to review performance ranges to incorporate such potential impacts. The Remuneration Committee will assess at the end of the 3-years performance period how to possibly take into account such impacts of extraordinary and exogeneous nature on the results achieved; full disclosure in this respect will be given to the market

Performance Conditions	Threshold	Target	Max
30% EBITDA adj cumulated €M	2,840	2,940	3,340
30% FCF cumulated €M	900	1,000	1,200
20% ESG Avg achievement of four KPIs	50 Points	100 Points	150 Points
20% rTSR Positioning vs peer group of 9 constituents		Middle 3 companies	Best 3 companies
Vesting of Performance Share*	50%	100%	150%

* For rTSR no share vesting at threshold



ESG and TSR Targets

	% of waste recycled		% reduction of GHG emissions		% of women executives		Leadership Impact Index %	
	Result	Points	Result	Points	Result	Points	Result	Points
Threshold	64%	50	-2%	50	14%	50	59%	50
Maximum	66%	150	-3%	150	18%	150	65%	150

RemCo discretion in assessing overall performance achieved, full transparency will be given to the market of assessment made

Gender balance in the Group's "executive" managerial positions: **triple the female presence in 6 years**

6% female executives in 2016
12% female executives in 2019
18% female executives stretch target by 2022

TSR measured relative to industry peers and global industrial players: *Belden, Corning, Leoni, Nexans, NKT, Rexel, Siemens, ABB plus Eurostoxx 600 IG&S (as part of the peer group)*

ESG

Waste recycled – percentage of total waste recycled compared to total waste produced; the waste taken into consideration is that deriving from the Group's production activities.

Emissions - Percentage reduction of Green House Gas emissions (Scope 1 and 2) including CO2 and other emission types (CH4, N2O, HFC, SF6, PFC) expressed in CO2eq (CO2 equivalent).

Gender mix - Percentage of women in "executive" managerial positions in the Group as defined in accordance with the Korn Ferry Hay Group weighting system for roles (grade 20 and above), certified by the same advisor.

Leadership Impact Index - summary index of the percentage of Group employees who have expressed a consent level equal to or greater than 5, rated on a scale from 1 (min.) to 7 (max.), as observed by the SDA Bocconi advisor in its capacity of independent third-party supervisor of the implementation for the Group of the survey among employees. The index consists of the employees' answers to 5 questions as part of a broader survey of employee opinions and is designed to measure levels of engagement.

Best 3 companies
full award vests

Middle 3 companies
portion of award vests

Worst 3 companies
no award vests

Deferred Share

Deferral into shares of 50% of 2020, 2021 and 2022 vested annual bonus

Vested for performance

Leveraged for retention

Annual Bonus

	CEO
Max	1,0x
Tgt	0,67x

of annual base salary, per year

50% of vested bonus is paid in cash annually

50% of vested bonus is deferred in shares

Share price to determine the conversion of cash to deferred shares is set each year (90 days prior AGM)

vested deferred shares are delivered

+

0.5 matching shares for each deferred share

Malus / Claw back

Deferral up to 2023

Conditional upon achieving target ESG performance (as measured for PS); applied for at least CEO and ~40 Top Managers

An aerial photograph of a wind farm at sunset. The sun is low on the horizon, creating a warm, golden glow over the water. The wind turbines are arranged in a grid pattern, and their reflections are visible in the calm water. The sky is a mix of blue and orange.

Thank you

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