

REPORT BY THE BOARD OF DIRECTORS TO VOTE, AS POINT NUMBER FOUR OF THE AGENDA OF THE ORDINARY SESSION OF THE SHAREHOLDERS' MEETING OF PRYSMIAN S.P.A. SCHEDULED ON 12 APRIL 2017, UPON THE REMUNERATION POLICY OF PRYSMIAN GROUP, PURSUANT TO ARTICLE 125-TER OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998, AS AMENDED AND UPDATED.

4. Consultation on the Prysmian Group's remuneration policies.

Shareholders,

Art. 123-ter of Italian Legislative Decree 58/1998, relating to transparency of the remuneration of listed company directors, requires listed companies to make a remuneration report publicly available at least 21 days before the shareholders' annual general meeting.

We have therefore convened the meeting in order to submit you the Prysmian Group's "Remuneration Report", approved by the Board of Directors and attached to the present report.

The Remuneration Report has been prepared in accordance with Appendix 3A, Format 7-bis of Consob Issuer Regulation 11971/99 and consists of two sections: section one describing the remuneration policy for members of the governing bodies and for key management personnel and the procedures used to adopt and implement this policy; section two describing in detail:

- a) the remuneration of members of the governing and control bodies as well as of general managers,
- b) the remuneration of any other key management personnel, whose total compensation received during the year (obtained by summing monetary and share-based compensation) is higher than the highest total compensation paid to anyone in a) above.

Pursuant to art. 123-ter, par. 6, of Italian Legislative Decree 58/1998, the Shareholders' Meeting is required to adopt a non-binding resolution for or against section one of the Remuneration Report.

* * *

Shareholders,

now, therefore, we invite you to express your opinion to the following:

"With regard to the Remuneration Report by the Board of Directors, the Shareholders' Meeting expresses a favourable opinion on section one of the Remuneration Report, containing the description of the remuneration policy for members of the governing bodies and for key management personnel and the procedures used to adopt and implement this policy of the Prysmian Group."

Milan, 21 March 2017

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REMUNERATION REPORT

Issuer: **PRYSMIAN S.p.A.**

Website: **www.prysmiangroup.com**

Report for Financial Year: **2016**

Report approved on: **1 March 2017**

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This document has been prepared in compliance with the provisions contained in CONSOB Resolution no. 18049 of 23 December 2011 in implementation of article 123-TER of Leg. Decree 58/1998 regarding transparency over Directors' pay in listed companies.



The results achieved in this last year, confirm the quality of the Prysmian Group employees. The aim of our remuneration systems is to strengthen the team and direct its efforts at achieving sustainable performance.

GIOVANNI TAMBURI

Dear Shareholders,

It gives me great pleasure to provide you with the 2016 Remuneration Report. The aim of this document is to increase our stakeholders' awareness of our remuneration policies and show that they are consistent with our business strategies. We have updated the report, giving it a new look and new design, so as to provide an ever clearer and more transparent disclosure.

In 2016, we focused on matters relating to remuneration and ensured constant dialogue with investors on these matters too. We operated with a view to consolidating and adapting the existing remuneration instruments, taking a responsible approach based on performance and sustainability. Moreover, since the start of 2016, the Committee has been assigned specific duties concerning sustainability, promoting initiatives intended to increase the Group's sustainability at different levels and particularly as regards environmental, social and economic aspects. The importance of these matters within the Group is such that the short-term incentive system goals set for top management in 2017 include a goal relating to the achievement of a sustainability target, as better explained in the relevant paragraph.

One of the most important activities undertaken by the Committee in 2016 is the launch of a second share purchase plan at special conditions, the "YES Plan" (Your Employee Share); the plan has been in place since 2013 and is allowing all Group employees in 28 different countries to purchase shares in the company at special conditions. Including the participants who joined following the December 2016 campaign, it is estimated that there are now over 50% employee shareholders. We believe that YES is an important instrument for strengthening employee involvement and their sense of belonging to our Group.

In 2016, the Committee also offered its support in the construction and revision of the remuneration packages of Executive Directors with specific functions, Managers with strategic responsibilities and the Group Compliance and Internal Audit Manager, in line with the Group's internal policies and best market practices.

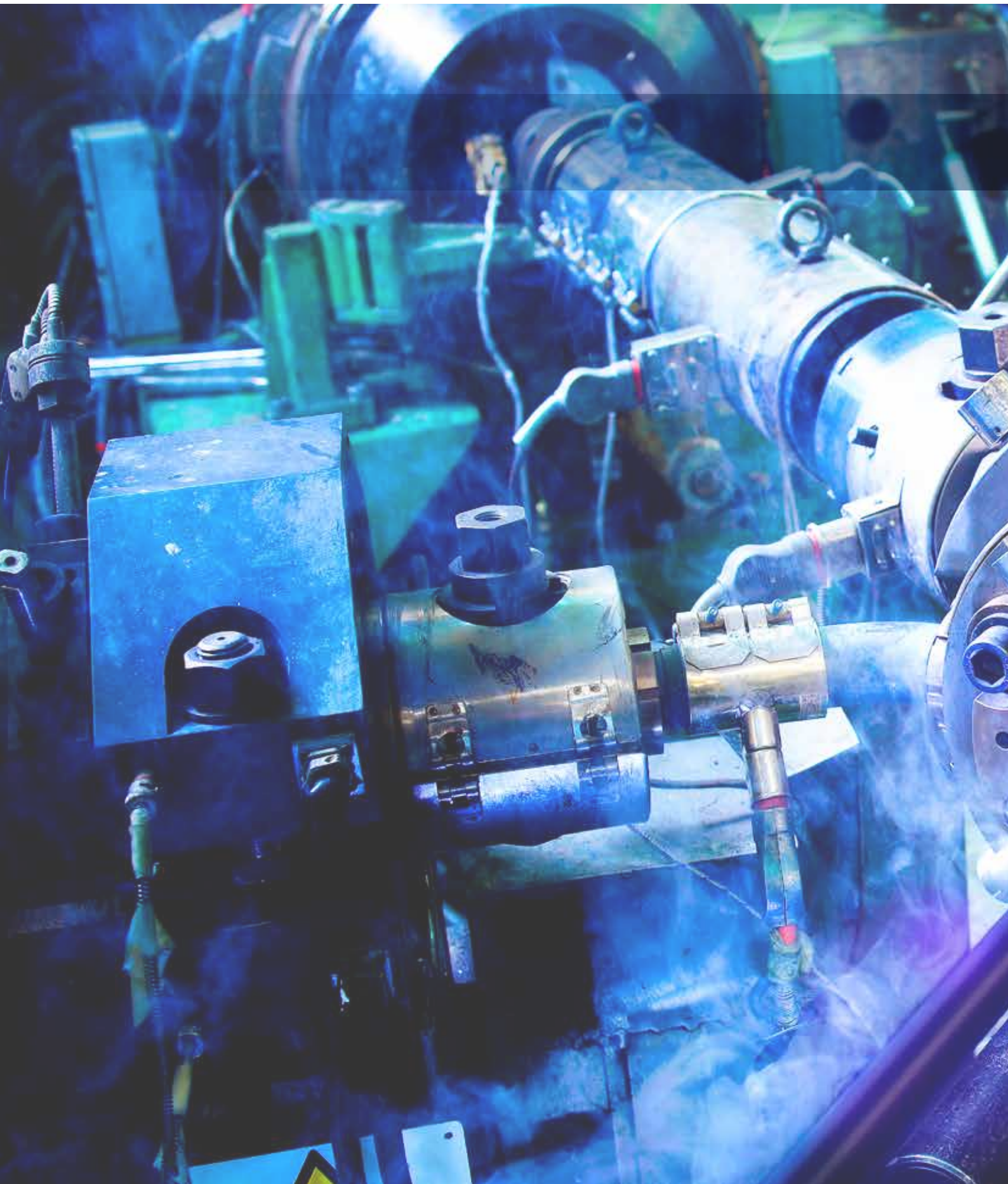
Another important activity that took place in 2016 was the Committee's implementation of the succession plan for senior positions in the Group. This plan is based on the talent assessment process (P4), flanked by an assessment process involving an international partner, which added a market perspective to internal feedback.

Finally, as part of HR management, Prysmian set itself the strategic aim of enhancing diversity and equal opportunities in the company; therefore, it embarked on a route that started with the implementation of a Global Diversity and Inclusion Policy and the development of dedicated supporting initiatives. In 2016, initiatives included Prysmian's launch of the "Side By Side" programme, aiming to promote and support diversity in the company. The scope of activities will initially regard support of gender diversity before thereafter extending to include other types of diversity (age, culture, etc.).

In 2017, Prysmian will also continue the path started several years ago, which strives to create an effective, competitive remuneration system that ensures the attraction, retention and reward of the best talent, in line with the corporate performance and our shareholders' expectations, as well as with regulatory requirements.

This Remuneration Report has been approved by the Board of Directors on 01 March 2017 and section I will be submitted for an advisory vote to the Ordinary Shareholders' Meeting pursuant to applicable laws.

The Chairman of the Remuneration,
Nomination and Sustainability Committee
Giovanni Tamburi



SUMMARY



Cornerstones of the Prysmian Remuneration Policy

The following principles inspire the Remuneration Policy for Executive Directors with specific functions, as well as Managers with strategic responsibilities of the Prysmian Group:


FOR MORE INFORMATION 

- **Focus on performance**
- **Appeal and motivation**
- **Sustainability**
- **Transparency and governance**
- **Participation**



Elements of pay


The main elements and characteristics of the remuneration packages of the Executive Directors with specific functions, as well as Managers with strategic responsibilities of the Prysmian Group, are:



FIXED REMUNERATION

It is remuneration for the position held, so as to ensure appeal and motivation

- It is defined according to the complexity and responsibility entailed in the role, so as to ensure fair treatment
- It is monitored with respect to the external market, to ensure the right level of competitiveness and it is also defined on the basis of individual performance and potential

FOR MORE INFORMATION 



VARIABLE PAY

MBO (Management by objectives)

It establishes a clear connection between remuneration and annual performance

- The payment of the MBO is subject to achieving predetermined levels of Group Net Financial Position and EBITDA.
- The value of the MBO depends on the degree to which the main economic-financial goals are reached, usually at the Group/Business Unit level.
- A maximum level (cap) is set for the MBO and a multiplier that is connected with the assessment of individual performance (P3) and potential.

FOR MORE INFORMATION 

Co-investment

It ensures coherence between annual and multi-year performance, fostering the active involvement of management

- A share ranging between 25% and 75% of the MBO pertaining to 2015 and 2016 is co-invested for a maximum period of three years.
- At the end of the 2015-2017 three-year period, upon achieving the cumulative three-year goals of Adjusted EBITDA and ROCE, the repayment of the portion of the co-invested bonus is envisaged, increased according to the co-invested percentage bonus; the portions will be returned in the form of shares.
- Should one or both objectives not be achieved, the payment of a reduced portion of the deferred bonus in shares is envisaged.

FOR MORE INFORMATION 

Performance share

It encourages the alignment of individual interests with those of the stakeholders from a long-term perspective

- The plan provides for the assignment of Prysmian shares at the end of the three-year vesting period, subject to the achievement of the three-year performance conditions.
- The number of shares to be assigned will depend on the level of achievement of the cumulative three-year objectives of Adjusted EBITDA and ROCE.

FOR MORE INFORMATION 



BENEFITS

They supplement the provisions of the social security plan and applicable contracts, to ensure a suitable level of total remuneration

- Social security and healthcare benefits
- Company car

FOR MORE INFORMATION 



END OF SERVICE OR TERMINATION INDEMNITY

Specific agreements are allowed in the event of end of service and termination of the employment relationship

- No more than 24 months, in compliance with local laws and contracts

FOR MORE INFORMATION 



NON-COMPETITION AGREEMENTS

Specific agreements are allowed with a view to ensuring medium-term protection of Prysmian

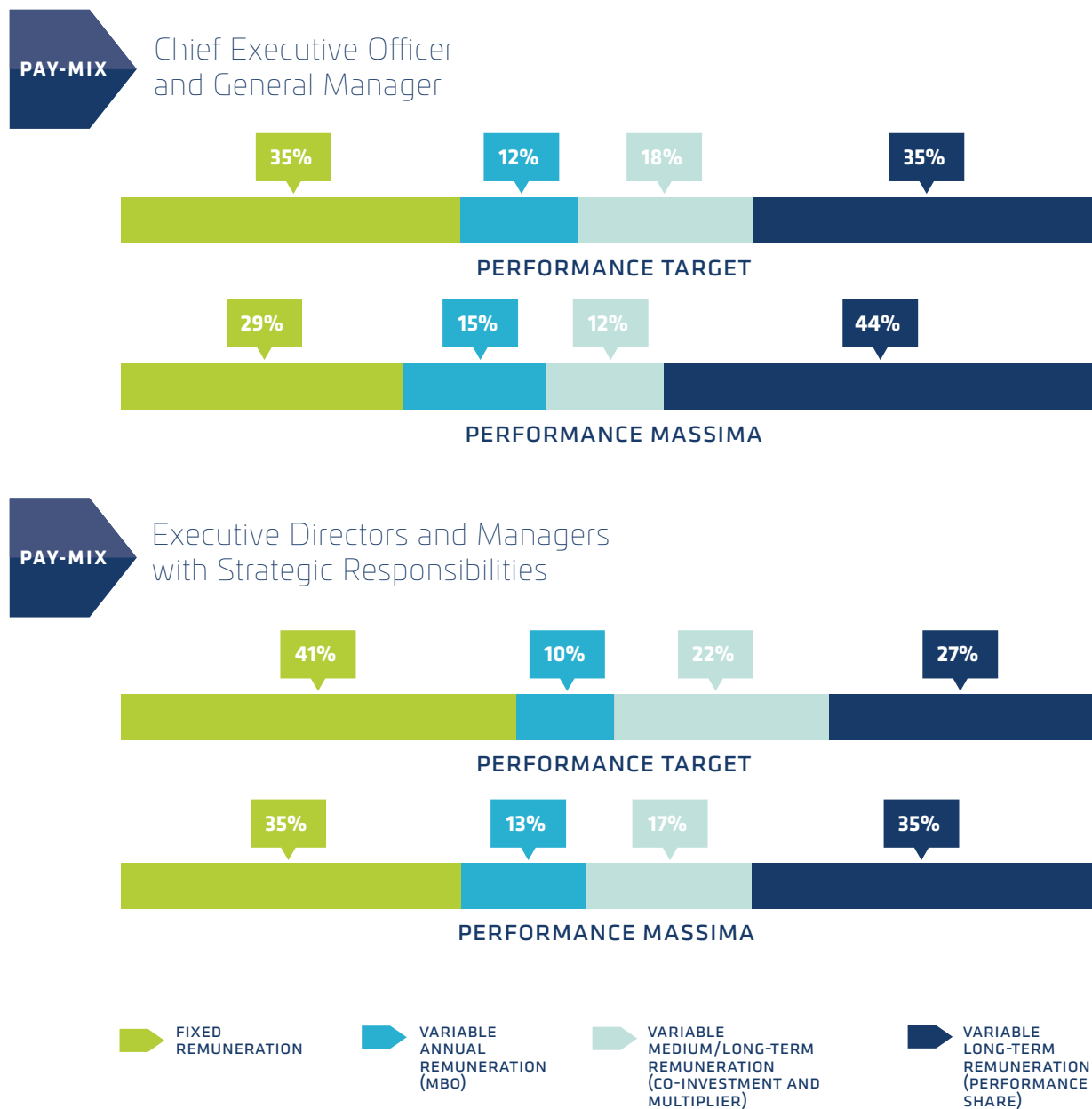
- Defined in relation to the duration and extent of the restriction

FOR MORE INFORMATION 

Pay-mix

The remuneration package of the Executive Directors with specific functions, as well as the Managers with strategic responsibilities of the Prysmian Group, is as follows:

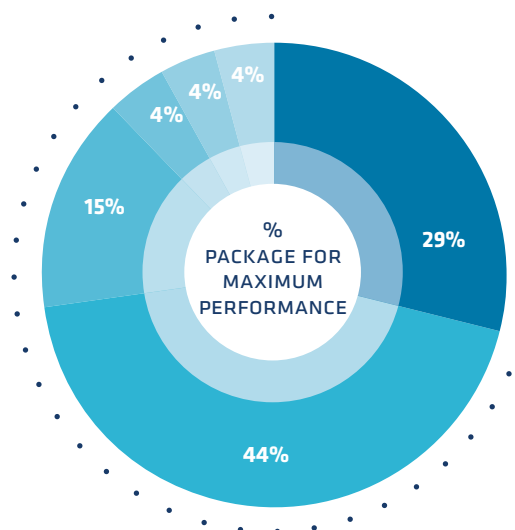
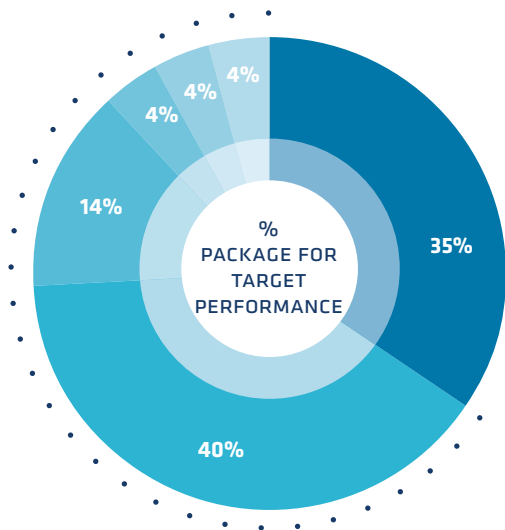
- a significant portion is connected with the achievement of predetermined results **(focus on performance)**
- a significant portion of the amount is deferred over time and is also connected with long-term goals **(sustainability)**
- the remuneration is mostly paid in shares **(participation)**



The performance share and co-investment value is calculated on the plan's face value basis in terms of shares. The pay-mix is calculated based on the actual potential total payment (cash, shares) in the 2015-2017 period during which the long-term incentive plan will be in effect. Any other forms of remuneration (non-competition agreements, retention bonuses) described in section II of the Report are not considered in the pay-mix analysis, just as the multiplier/demultiplier of the MBO connected with the assessment of performance for Executive Directors with specific functions and Managers with strategic responsibilities, are not taken into account.

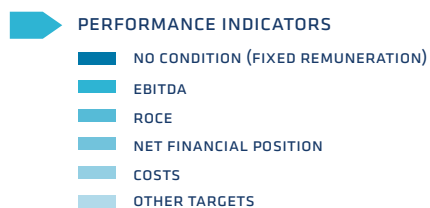
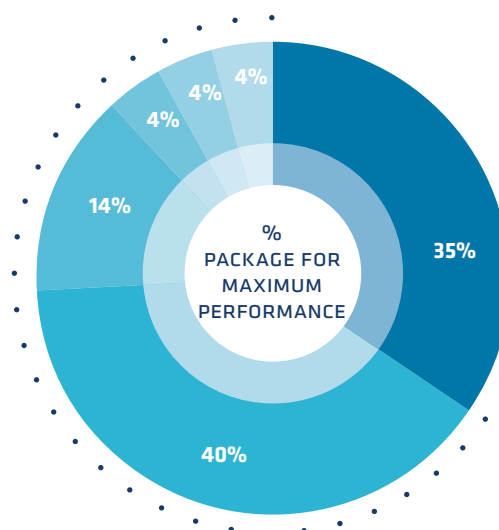
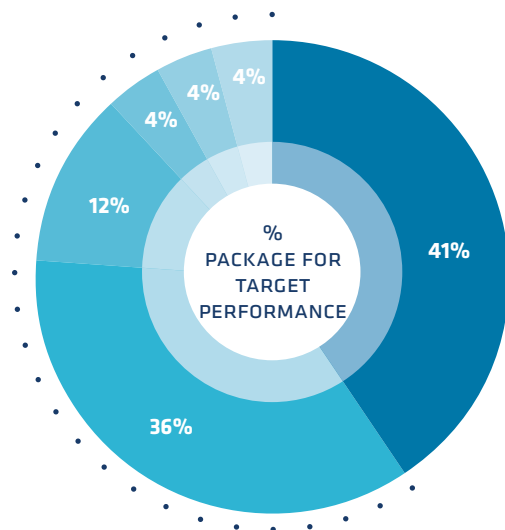
PAY-MIX AND PERFORMANCE-RELATED PAY

Chief Executive Officer and General Manager



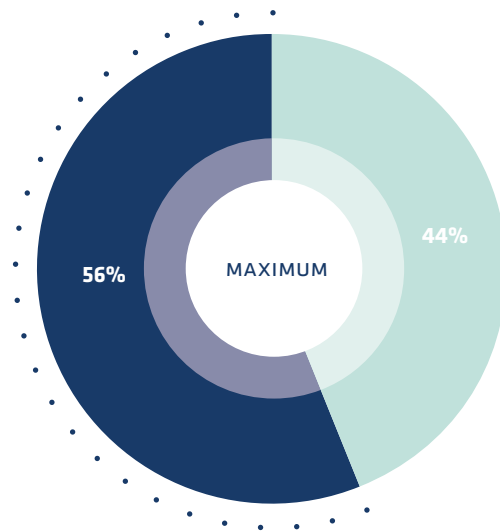
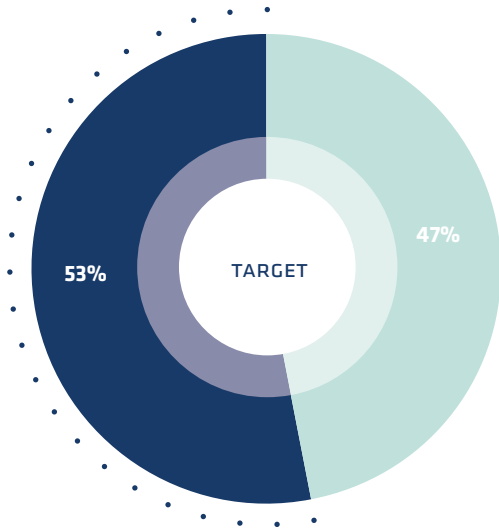
PAY-MIX AND PERFORMANCE-RELATED PAY

Executive Directors and Managers with Strategic Responsibilities



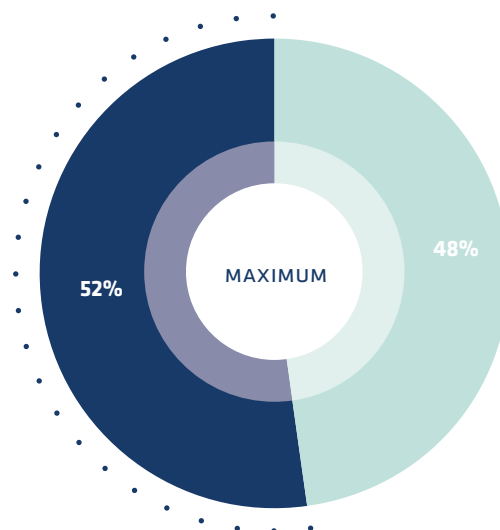
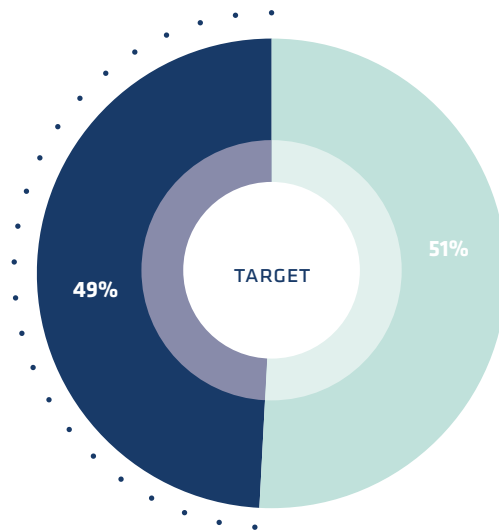
MONETARY AND SHARE PAY-MIX

Chief Executive Officer and General Manager



MONETARY AND SHARE PAY-MIX

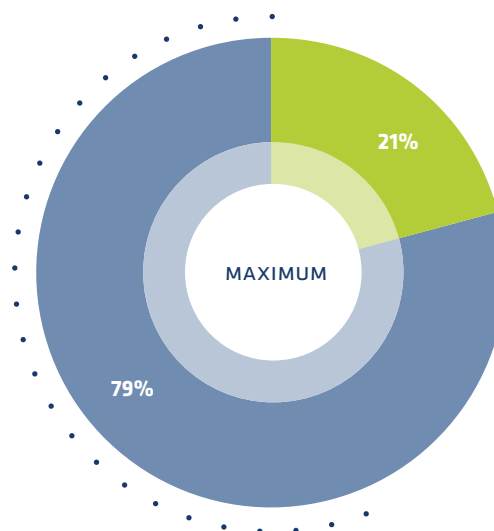
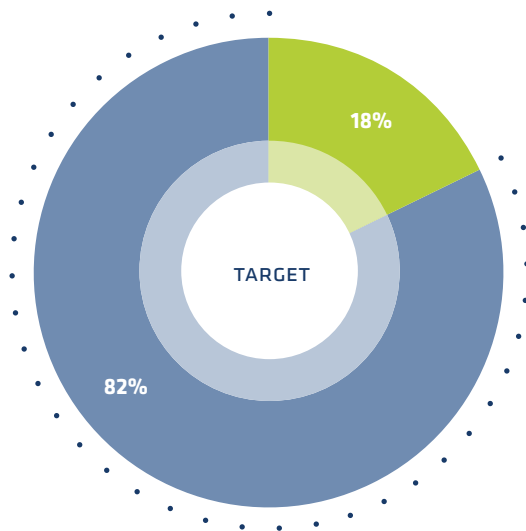
Executive Directors and Managers with Strategic Responsibilities



 **SHARE PAY-MIX (DEFERRED OVER TIME)**
 **MONETARY PAY-MIX**

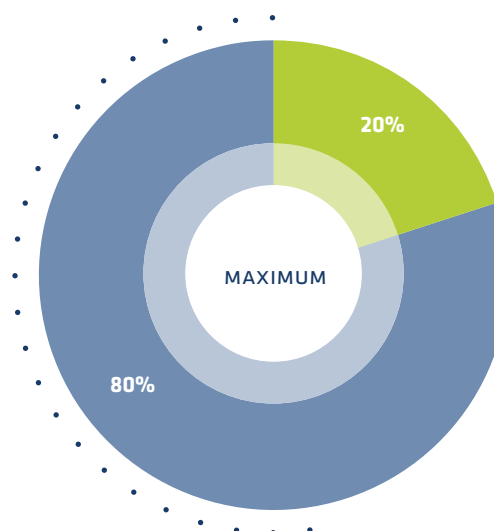
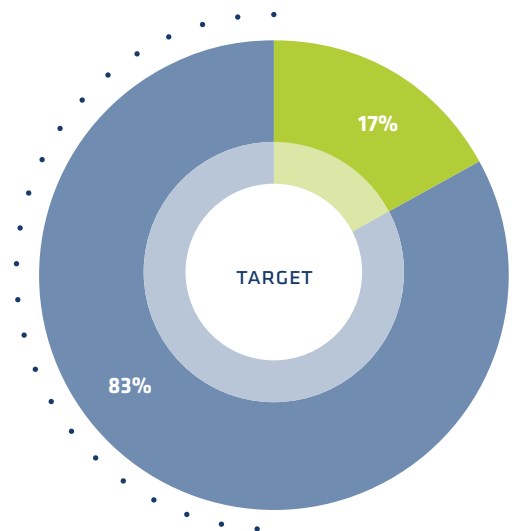
VARIABLE MONETARY AND SHARE PAY-MIX

Chief Executive Officer and General Manager



VARIABLE MONETARY AND SHARE PAY-MIX

Executive Directors and Managers with Strategic Responsibilities






SHARE PAY-MIX (DEFERRED OVER TIME)

MONETARY PAY-MIX

The goals of the Chief Executive Officer for 2017 - ex-ante disclosure

The goals of the Chief Executive Officer and General Director of Prysmian, approved by the Board of Directors in the meeting held on 1 March 2017, on the proposal of the Remuneration, Nomination and Sustainability Committee, are shown below:

		WEIGHT	
		target	max
	ON/OFF		
	GROUP NET FINANCIAL POSITION RECURRING GROUP EBITDA		
	OBJECTIVES		
	RECURRING GROUP EBITDA	40	60
	GROUP NET FINANCIAL POSITION	30	45
	M&A PROJECTS	20	30
	DOW JONES SUSTAINABILITY INDEX ASSESSMENT 2017	10	15
		100	150

No disclosure is given on the target performance level for each indicator because it is price-sensitive information.

Each May, Prysmian informs investors of the expected performance range. The targets specified on the sheets are mainly those specified in the financial statements and are measured using the same reporting criteria.



SECTION I



1. Introduction

The Remuneration Policy adopted by the Prysmian Group aims to attract and retain talented people with the skills necessary to achieve the company's objectives and to motivate management to pursue ever better performance in compliance with the company's values and culture. The Remuneration Policy is defined so as to align the Management's interests with those of shareholders whilst pursuing the objective to create sustainable value in the medium to long term, by forging a tangible and verifiable link between pay, on the one hand, and performance, both individual and of the Group, on the other.

Section I of this Report shows the remuneration policy to be adopted in FY 2017 and applies to the members of the Board of Directors and to the Group's Managers with strategic responsibilities.

Prysmian S.p.A. ("Prysmian" or "the Company") is currently managed by a Board of Directors consisting of eleven Directors:



Tononi Massimo*	OFFICE: Chairman QUALIFICATION: Independent non-executive director Member of Remuneration, Nomination and Sustainability Committee
Battista Valerio	OFFICE: Director QUALIFICATION: Chief Executive Officer and General Manager
Battaini Massimo	OFFICE: Director QUALIFICATION: Executive director
Cappello Maria Elena**	OFFICE: Director QUALIFICATION: Independent non-executive director Member of Control and Risks Committee
Capponi Alberto**	OFFICE: Director QUALIFICATION: Independent non-executive director
De Conto Claudio**	OFFICE: Director QUALIFICATION: Independent non-executive director Chairman of Control and Risks Committee Member of Remuneration, Nomination and Sustainability Committee
De Virgiliis Monica**	OFFICE: Director QUALIFICATION: Independent non-executive director
Facchini Pier Francesco	OFFICE: Director QUALIFICATION: Executive director
Mariani Maria Letizia**	OFFICE: Director QUALIFICATION: Independent non-executive director Member of Control and Risks Committee
Romeo Fabio Ignazio	OFFICE: Director QUALIFICATION: Executive director
Tamburi Giovanni**	OFFICE: Director QUALIFICATION: Independent non-executive director Chairman of Remuneration, Nomination and Sustainability Committee

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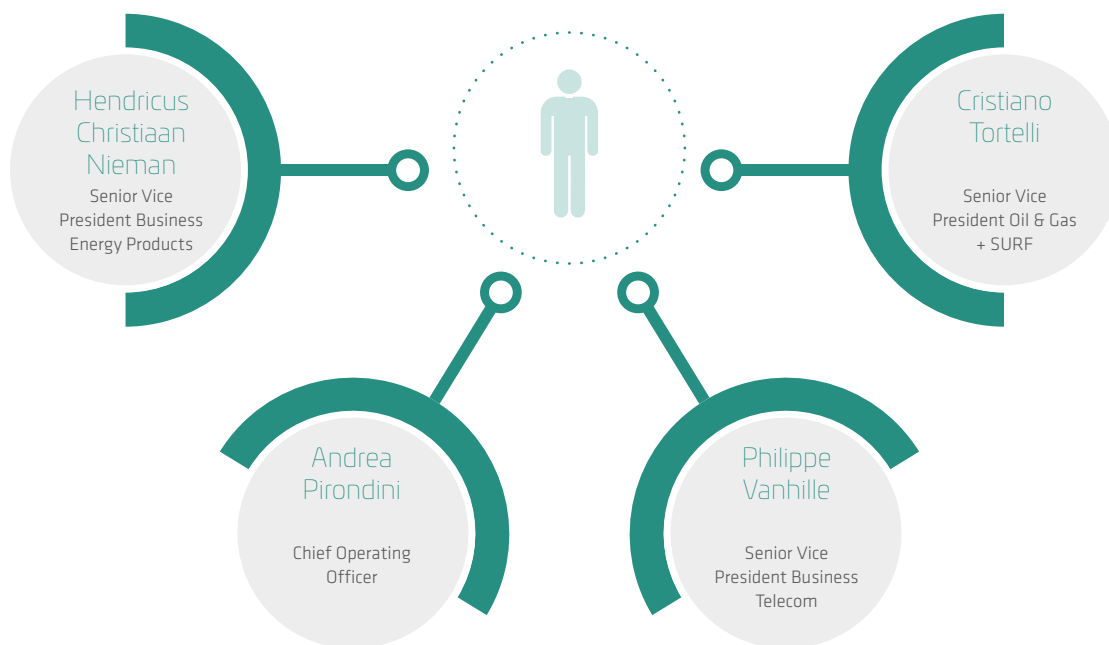
meeting the independence requirements set forth by Art. 148, paragraph 3, of Italian Legislative Decree no. 58 of 24 February 1998.

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meeting the independence requirements set forth by Art. 148, paragraph 3, of Italian Legislative Decree no. 58 of 24 February 1998 and by 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].



The Group's Managers with strategic responsibilities, in addition to the managers who are also members of the Company's Board of Directors, are:



2. Governance

The Remuneration, Nomination and Sustainability Committee (the “Committee”) plays a key role in supporting the Board of Directors in its supervision of the Group Remuneration Policy and in designing short- and long-term incentive plans as well as public shareholding plans.

RESPONSIBILITIES OF THE COMMITTEE

This Committee – set up by the Board of Directors - has the role of providing consultancy and making proposals to the Board of Directors with reference to establishing the remuneration of the Group’s Executive directors and Managers with strategic responsibilities, as indicated in the tables above, the appointment/substitution of Independent Directors, as well as the size and composition of the Board. The main responsibilities of the Remuneration, Nomination and Sustainability Committee are:

- **to assess and formulate any proposals to the Board of Directors** with regards to the remuneration policy for the Executive Directors with specific functions, the Managers with strategic responsibilities, the Internal Audit and Compliance Director and the Management;
- **to periodically oversee the actual implementation of the proposals** made and approved by the Board of Directors for the remuneration of Executive Directors with specific functions, Managers with strategic responsibilities and the Internal Audit and Compliance Director;
- **to verify the actual achievement of the performance objectives** related to the incentive systems for the Executive directors with specific functions, Managers with strategic responsibilities and the Internal Audit and Compliance Director.
- **to assess and formulate proposals** made to the Board of Directors regarding share incentive plans, stock options, public ownership of shares and similar incentive and retention plans applicable to the Management and the employees of Group companies that are owned by the Company;
- **to carry out preliminary investigations for the preparation of succession plans** for executive directors if the Board of Directors resolves to adopt them.
- **supervise sustainability issues** linked to the Company’s doing business and its interactions with all the stakeholders. In particular:
 - monitoring the Company’s position in the main sustainability indices;
 - expressing opinions on the initiatives and programmes promoted by the Company or by subsidiaries on Corporate Social Responsibility - (CSR);
 - examining, ahead of the Board of Directors, the annual sustainability report prepared by the Company’s competent functions; if so requested by the Board of Directors, formulating opinions and proposals regarding specific matters of corporate social responsibility (CSR).

For a description of the Committee’s duties regarding the Appointment of Directors, please refer to the “Remuneration, Nomination and Sustainability Committee” section of the Report on Corporate Governance and Ownership Structure.

COMPOSITION

In line with the provisions of the Regulation of the corporate bodies, the Committee currently numbers three non-executive, independent directors: Giovanni Tamburi, Chairman, Claudio De Conto and Massimo Taroni. All the members of the Committee have long and consolidated experience and specific know-how in the economic and financial field.

2016 ACTIVITIES

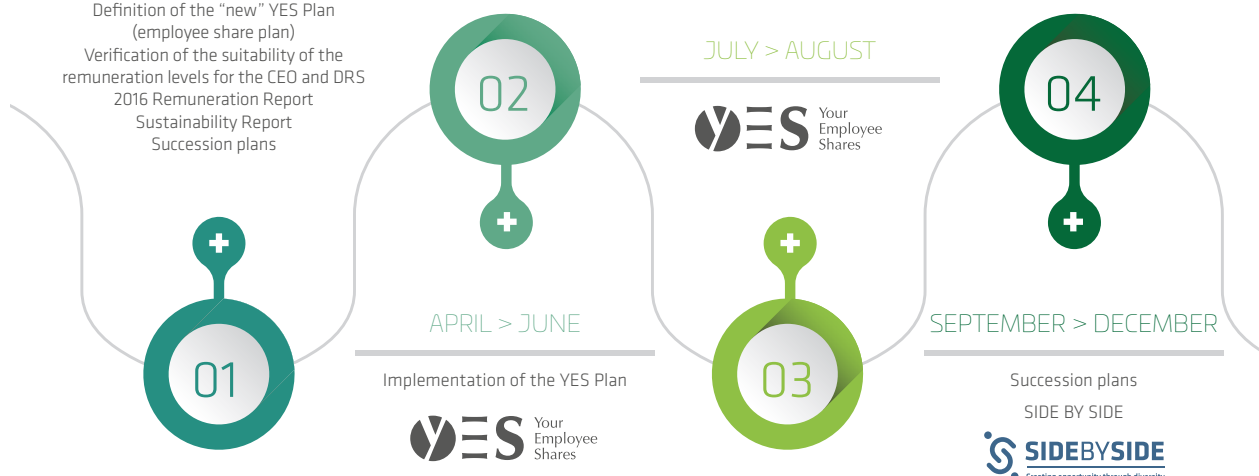
In 2016, the Committee met 8 times and all Committee members attended all meetings, with the exception of Mr De Conto, who attended 6 meetings. The work undertaken by the Committee, with the support of the Group Human Resources Department, in particular concerned:

- **the formulation of proposals to the Board of Directors on the remuneration** of the Executive Directors with specific functions, Managers with strategic responsibilities and the Internal Audit and Compliance Manager, both with reference to the fixed and variable remuneration;
- **the assessment of the criteria adopted** in relation to both the variable incentive systems (based on the achievement of established objectives) and the remuneration policies for senior management;
- **the analysis of all information concerning the Prysmian Group remuneration policy** as described in the remuneration report approved by the Board of Directors and also submitted for examination to the Shareholders' Meeting;
- **the analysis of information relating to sustainability**, as given in the sustainability report;
- **the support in defining the new share purchase plan** for Group employees ("YES Plan");
- **the definition of the analysis and planning process for human resources** to review the Succession plan for the Group's senior management;
- **the support for the launch of the *Side by Side* project**, which aims to promote and support diversity in the company.

The Remuneration, Nomination and Sustainability Committee, while providing advice and making proposals, draws on the support of an independent external consultant, Korn Ferry Hay Group, which provides information on trends, practices, and market pay levels on a global scale in order to monitor the Top Management pay fairness. No Director took part in meetings of the Remuneration, Nomination and Sustainability Committee during which proposals relating to their own remuneration are formulated. The Group Human Resources and Organisation Director acted as Secretary during all the Remuneration and Nomination Committee meetings.

JANUARY > MARCH

Check on the implementation of the 2015 policy
2016 policy principles
Balance of the 2015 incentive scheme
2016 annual incentive scheme
Definition of the "new" YES Plan (employee share plan)
Verification of the suitability of the remuneration levels for the CEO and DRS
2016 Remuneration Report
Sustainability Report
Succession plans



3. Remuneration policy principles

The key principles that form the basis of Prysmian's remuneration policy are::

→ **Focus on performance:**

the remuneration of management consists to a significant extent, of remuneration subject to performance conditions, in line with investors' expectations

→ **Appeal and motivation:**

the remuneration levels are such to attract and retain the key resources for the organisation, as human resources are essential to the achievement of strategic objectives

→ **Sustainability:**

our incentive systems develop over several years, in line with the Group's risk profile, because management focus is on increasing the Group's value in the long-term, in line with stakeholders' expectations

→ **Transparency and governance:**

we have a clear governance system and offer a disclosure on remuneration that seeks to be as transparent as possible

→ **Participation:**

we believe that involving people in the company's success is the best way by which to motivate them to work better and we do so through the share incentive plans

Comparison with the market plays an important role in the preparation of the remuneration policy. As from this year, the Prysmian Group has identified a small panel of companies, which are generally similar in terms of size and sectors (Electrical Components & Equipment, Heavy Electrical Equipment, Building Products, Aerospace & Defence); this is a further point of reference in defining remuneration policies, in addition to the already existing market comprising a panel of around 250 listed European companies included on the FT Europe 500 as some of the most important companies, in terms of capitalisation, in Europe.

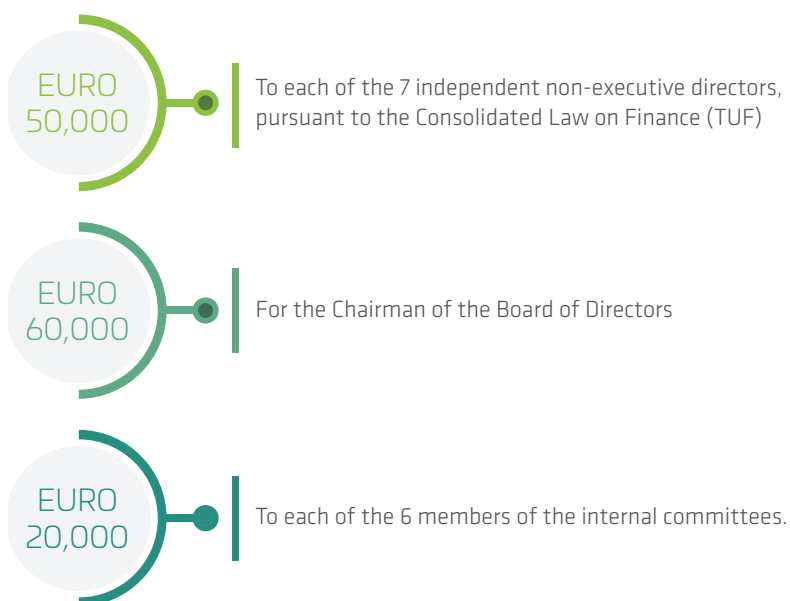


4. Remuneration of the Chairman and of non-executive Directors

The Shareholders' Meeting of 16 April 2015 has approved for the Board of Directors, in addition to a reimbursement of all expenses incurred on behalf of the Company, a total gross remuneration of Euro 530,000 for each year in office.

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 directors, taking into account the specific responsibilities of each.

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



5. Remuneration of Executive Directors and Managers with strategic responsibilities

ELEMENTS OF PAY

The remuneration structure of Executive directors with specific functions and Managers with strategic responsibilities is defined by Prysmian with a twofold goal; on the one hand, it aims to attract and retain resources with appropriate professional skills enabling them to achieve the company's objectives, whilst on the other it seeks to bring the Management's interests in line with those of the shareholders, thereby ensuring the sustainability of the business and results in the medium- and long-term.

This section of the report describes the main elements and guidelines of the Remuneration Policy to be applied in 2017 for Executive Directors with specific functions as well as Managers with strategic responsibilities; it will gradually also be extended to include all the Group's top managers.

5.1 → FIXED REMUNERATION

Fixed remuneration levels for Executive Directors with specific functions as well as Managers with strategic responsibilities (hereinafter the "Top Management") are defined according to the complexity, actual responsibilities, the experience required for the position and the reference remuneration market.

Fixed remuneration management criteria

Once a year, the Remuneration, Nomination and Sustainability Committee prepares a Remuneration Policy proposal for the Top Management to be put for approval to the Board of Directors. This policy may entail an update to the fixed remuneration. These revisions must take into account a range of factors including **competitiveness** compared to market remuneration data, **sustainability, internal fairness** and the **individual performance** assessed through a global performance assessment system (**P3 – Prysmian People Performance**). For more details, reference should be made to the specific paragraph.

As from 2017, the assessment criteria for the definition of the Group management remuneration policy will also include the **potential**, assessed using a method developed in 2016 and defined as **P4 – Prysmian People Performance Potential**. For further details, reference should be made to the specific paragraph.

External market comparison

As for the competitiveness compared to the market, the comparison with the remuneration market is carried out with the support of a job evaluation method which enables consistent comparison and ensures a competitive position in the external market. For Top Management positions, the reference market consists of a panel of around 250 listed European companies included on the FT Europe 500 as some of the most important companies in terms of capitalisation, in Europe. The market has been studied by an independent external company, the Korn Ferry Hay Group, which specialises in remuneration matters. The Prysmian Group has also identified a second, smaller panel of companies similar to the Prysmian Group in terms of similar size and sectors (Electrical Components & Equipment, Heavy Electrical Equipment, Building Products, Aerospace & Defence), which is a further point of reference in defining the remuneration policies.

This **specific panel** consists of the following companies:

	AREVA	MTU AERO ENGINES
	ASSA ABLOY	NEXANS
	DASSAULT AVIATION	OSRAM LICHT
	GAMESA CORPORACION	PHILIPS LIGHTING
	TECNOLOGICA	SAAB
	LEGRAND	SAFRAN
	LEONARDO	THALES
	FINMECCANICA	ZODIAC AEROSPACE

Weight of the fixed component in the comprehensive remuneration package

The fixed component of the Top Management remuneration package is of relative importance if the total remuneration package is taken into account. This limited weight, yet which is sufficient and appropriate even in the event that the variable part should not be disbursed due to failure to achieve the associated objectives, is such as to reduce excessively risk-oriented behaviour, to discourage initiatives focused solely on short-term results.



5.2 → VARIABLE SHORT AND MEDIUM/ LONG-TERM REMUNERATION

The variable component within the remuneration packages offered in Prysman consists of three main elements:

- **MBO (Management by objectives);**
- **Co-investment plan;**
- **Performance share.**

5.2.1 → MBO - Management by objectives

Purposes

The variable annual incentive system (MBO - Management By Objectives) designed by the Group for employees holding positions of responsibility aims to align individual conduct with the organization's annual strategic objectives, rewarding the beneficiary for the results achieved in the short-term (1 year). The annual variable incentive system is reviewed each year by the Remuneration, Nomination and Sustainability Committee that submits to the Board of Directors the objectives for the Executive directors and Managers with strategic responsibilities, identifying the various metrics.

Characteristics

The MBO plan is subject to a strict regulation and the annual communication process is clear and transparent to all participants - around 500 Managers of the Group. Each participant is assigned percentages (maximum and minimum) of their gross annual pay in the case of achieving the performance objectives at target level and at the maximum level. The incentive percentages are defined in relation to the strategic nature of the role, with the aim of balancing the fixed and variable remuneration according to the position held and the impact on results. The final balance and the final payment of the bonus within this percentage range will vary depending on the level of achievement of each objective assigned up to the pre-set maximum (cap). A multiplier (+15%)/demultiplier (-15%) of the total value of the MBO connected with the assessment of individual performance (P3) is taken into account. In determining the bonus disbursed, the economic/financial objectives and the employee's qualitative performance and conduct are taken into consideration. This multiplier/demultiplier does not, however, apply to the Group's Chief Executive Officer and General Director.

Performance conditions

In line with previous years, the 2017 MBO plan envisages:

- **two ON/OFF conditions**, of an economic and financial nature, the achievement of which determines the possibility of accessing the system; in the case of failure to achieve one of the two access conditions no incentive will be provided, as happened in 2013 and 2014;
- **three mainly economic/financial objectives** with a different impact and which are independent of each other and assigned on the basis of the role held by the individual;
- **a target linked to a sustainability indicator.**

Below is the scheme of objectives for 2017 of the Chief Executive Officer and General Manager, the Executive Directors and Managers with strategic responsibilities.





Dow Jones Sustainability Index

The **Dow Jones Sustainability Index (DJSI)** is a share index that records stock market performance of world leaders in terms of sustainability. The DJSI selects companies on the basis of the Corporate Sustainability Assessment (CSA). Only companies performing best in the CSA assessment, according to a "best-in-class" approach in each reference industry, are chosen to be included in the Dow Jones Sustainability Index.

The companies are assessed according to tangible financial sustainability criteria, which range from economic to environmental and social aspects. Companies receive a Total Sustainability Score (0 - 100). The top 10% in terms of the performance of companies in each industry are selected to be included in the DJSI World.



MBO - SCHEME OF OBJECTIVES

Chief Executive Officer
and General Director

		2017		
	ON/OFF	GROUP NET FINANCIAL POSITION		
		RECURRING GROUP EBITDA		
		✓ ✓		
		WEIGHT		
	OBJECTIVES	target	max	
		RECURRING GROUP EBITDA	40	60
		GROUP NET FINANCIAL POSITION	30	45
		M&A PROJECTS	20	30
		DOW JONES SUSTAINABILITY INDEX ASSESSMENT 2017	10	15
			100	150

MBO - SCHEME OF OBJECTIVES

Executive Directors and
Managers with strategic responsibilities

		2017		
	ON/OFF	GROUP NET FINANCIAL POSITION		
		RECURRING GROUP EBITDA		
		✓ ✓		
		WEIGHT		
	OBJECTIVES	target	max	
		RECURRING GROUP EBITDA	40	60
		GROUP NET FINANCIAL POSITION	30	45
		GROUP FIXED COSTS	20	30
		DOW JONES SUSTAINABILITY INDEX ASSESSMENT 2017	10	15
			100	150

No disclosure is given on the target performance level for each indicator because it is price-sensitive information. Each year in May, Prysman informs investors of the expected performance range. The targets included in the schemes are mainly those specified in the corporate financial statements and are measured using the same reporting criteria.

Performance - incentive connection

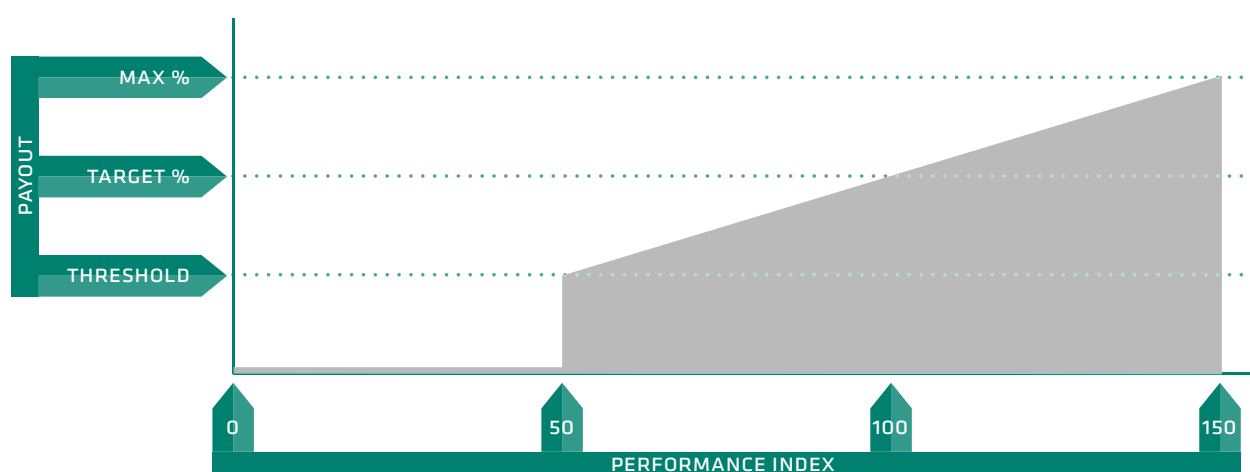
All the objectives include an entry level (min.) and a maximum limit (max.):

- **if the entry level value is not achieved**, the performance indicator reached in relation to that given target will be zero;
- **if, on the other hand, the target is achieved** for values ranging between the target value and maximum value, the performance indicator will be calculated by linear interpolation;
- **in the case of exceeding the maximum value**, the performance index achieved will in any case be equal to the maximum value.

The total performance index of the target scheme is 100, which corresponds to payment of the minimum bonus percentage, and 150 as a maximum which corresponds to the payment of the maximum bonus percentage.

If the final performance indicator obtained is less than 50 points, the incentive disbursed will be zero.

Should the final performance index obtained be between 50 and 100 or between 100 and 150 the final bonus value will be calculated in a linearly proportional manner. Considering the existence of two on-off conditions, the threshold of 50 points has been considered as coherent in terms of ensuring achievement of a performance level that is at least satisfactory.



A multiplier (+15%)/demultiplier (-15%) is applied to the final incentive value, depending on the assessment of individual performance (P3). It is recalled that this multiplier/demultiplier does not, however, apply to the Group's Chief Executive Officer and General Director.

In any case, the maximum value (cap) of the MBO accrued (including any co-investment) may not exceed:

- **for the Chief Executive Officer: 100%** of the basic remuneration;
- **for Executive Directors and Managers with strategic responsibilities: 86%** of the base remuneration if the multiplier connected with performance assessment is also applied.

The payment of the MBO will take place on a proportional basis depending on how many months the person has been at the Group during the performance period, but a minimum working **period of nine months** in the year is required to receive the proportional amount of the bonus. New recruits will be involved only if they joined the company before July each year.

5.2.2 → Co-investment Plan

The Plan to defer and co-invest part of the accrued annual bonus (MBO), valid for the 2015-2016 period represents one of the components of the long-term Incentive Plan, together with the Performance Share Plan, proposed for the 2015-2017 period and described below. The 2015-2017 LTI plan was approved by the Shareholders' Meeting on 16 April 2015.

Recipients

The Beneficiaries of this Plan, around 300 group key managers, including Executive Directors and Managers with strategic responsibilities, have all adhered to the Plan, although it is not obligatory, but is the essential condition for Beneficiaries to access the performance share plan, as described below.

Characteristics

As provided for by the deferral and co-investment plan, part of the payment of the MBO accrued pertaining to 2015 and 2016 is deferred for a period respectively of two years and one year:

- **if predetermined Group three-year performance targets are achieved**, the deferred portion will be returned increased according to the co-investment profile chosen, in the form of Prysmian shares.
- **If, on the other hand, said objectives should not be achieved**, this amount will be returned, again in the form of shares, but reduced by a pre-determined percentage, which changes depending on the chosen co-investment profile.

The Deferral and co-investment plan therefore also makes a significant portion of the annual incentive (MBO) deferred and conditional on achieving the three-year objectives.

Performance conditions

The targets to which the co-investment of the MBO will be linked, are as follows:

- **the Group's accumulated adjusted EBITDA** in the 2015-17 three-year period
- **the Group's accumulated ROCE** in the three years 2015-17

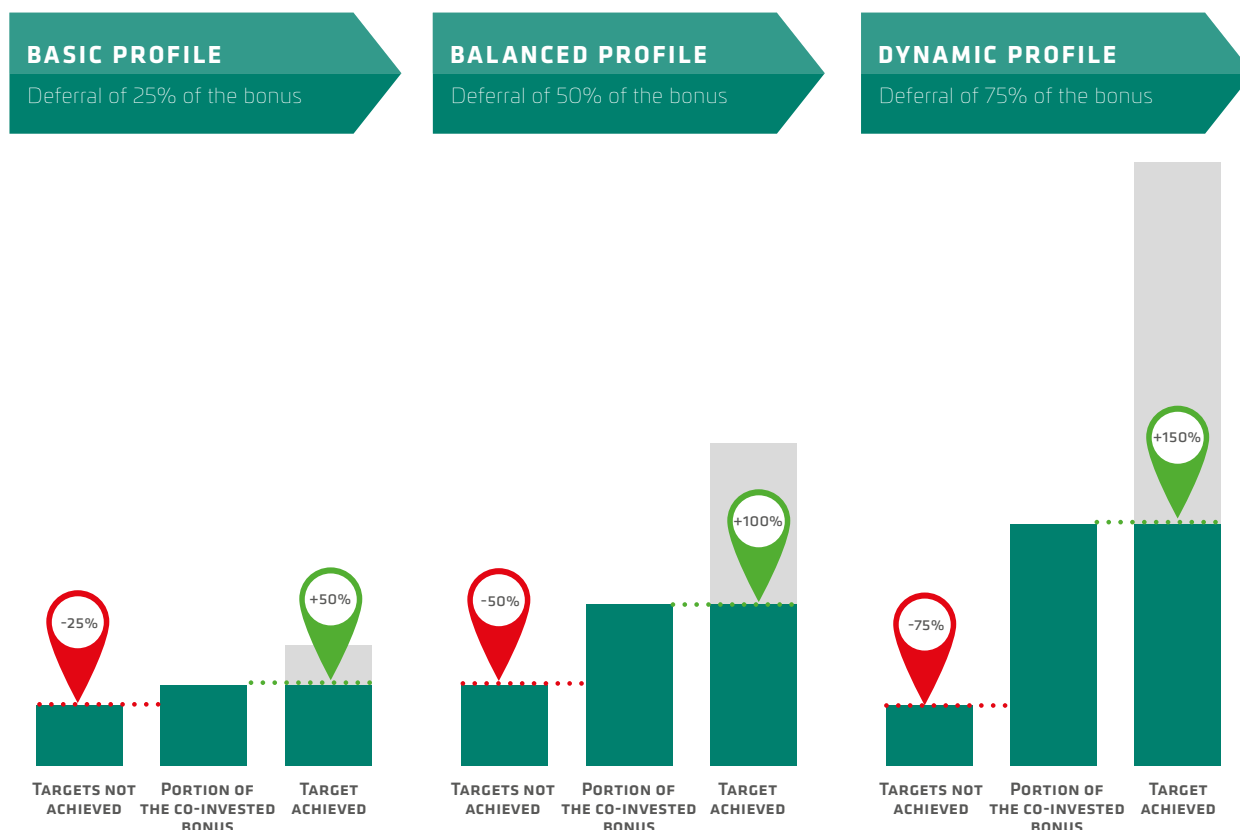
For further details on the target metrics, reference should be made to the paragraph below.

For further details about the Plan, reference can be made to the related Information Document, available from the website www.prysmiangroup.com, in the **Investor Relation - Corporate Governance - Remuneration - Incentive Plans section**.

Co-investment profiles

I profili di coinvestimento dell'MBO tra cui i beneficiari hanno scelto e a cui sono associati diversi livelli di rischio sono:

- **Basic Profile:**
the participant co-invests 25% of their MBO (if any) accrued in 2015 and 2016 with the possibility of obtaining, in 2018 and in case of target level achievement of the pre-set objectives, a multiple of 1.5 times the amount co-invested (including the Co-investment itself), or of losing 25% of the co-invested amount should the Target not be achieved.
- **Balanced Profile:**
the participant co-invests 50% of their MBO accrued in 2015 and 2016 with the possibility of obtaining, in 2018 and in case of target level achievement of the pre-set objectives, a multiple of 2 times the amount co-invested (including the Co-investment itself), or of losing 50% of the co-invested amount should the Target not be achieved.
- **Dynamic Profile:**
the participant co-invests 75% of their MBO accrued in 2015 and 2016 with the possibility of obtaining, in 2018 and in case of target level achievement of the pre-set objectives, a multiple of 2.5 times the amount co-invested (including the Co-investment itself), or of losing 75% of the co-invested amount should the Target not be achieved.





The choice among the different profiles, which is made when accepting the plan (April 2015) and which can no longer be changed, saw a strong preference for the dynamic profile – around 60% of managers in fact opted for this profile.

5.2.3 → Performance shares

The Performance Share Plan for 2015-2017, which was approved by the Shareholders' Meeting on 16 April 2015, provides for the assignment to each participant of a minimum and maximum number of Prysmian Shares. In 2018, the Beneficiaries of the Plan will receive, within the aforementioned range, a number of shares based on the level of achievement of two three-year economic and financial objectives at Group level.

Performance conditions

The effective assignment of shares to beneficiaries is subject to the three-year performance level in terms of Group Adjusted EBITDA and ROCE, specifically:

		Cumulative Group Adjusted EBITDA (weight 70%)	Average Group ROCE (weight 30%)	Distribution curves	
	MIN	MINIMUM PERFORMANCE (TARGET)	€ 1.850 m	16%	100
	MAX	MAXIMUM PERFORMANCE (CAP)	€ 2.150 m	19,6%	150

Performance - incentive connection

The assignment value at the target level (assigned if the target level of both the above objectives is achieved) and the maximum level (if the maximum level of both the above objectives is achieved) has been defined for each beneficiary in relation to the position held, the contribution to results and the individual fixed remuneration levels. For participants, the maximum level assigned also represents the cap. If an intermediate performance level is achieved between target and maximum, the number of performance shares assigned will be defined by linear interpolation. The target assignment value (number of shares multiplied by the price per share at the time of assignment), on a three-year basis, amounts to:

- **for the Chief Executive Officer: 300%** of the basic remuneration;
- **for the Executive Directors and Managers with strategic responsibilities: 200%** of the basic remuneration.

Lock-up

In compliance with Art. 6 of the Code of Conduct for Listed Companies a lock-up period, deemed of medium/long term nature (2 years) is also envisaged, during which the beneficiaries are not allowed to dispose of part of the shares that may have been allocated to them.

For Executive directors and Managers with strategic responsibilities, this lock-up will be applied to 100% of shares, net of those sold to cover tax obligations. Moreover, for Executive Directors and Managers with strategic responsibilities, 10% of these shares are defined as "career shares": beneficiaries cannot use them until the end of their career at Prysmian.

Claw back

The plan includes, moreover, clawback clauses for 4 years and malus clauses for 2 years, aimed at the partial or total recovery of the bonus paid, in particular circumstances, for example fraud. The clause will concern the Group CEO and the Senior Management who report to them. It will also concern the other participants if involved in fraud or wilful misconduct.

For further details about the Plan, reference can be made to the relevant Information Document, available from the website www.prysmiangroup.com, in the **Investor Relation – Corporate Governance – Remuneration – Incentive Plans** section.

5.3 → BENEFITS

The total pay offer is integrated by the following additional benefits:

- **supplementary pension plan;**
- **supplementary medical insurance;**
- **non-professional accident insurance policy;**
- **company car;**
- **meal vouchers.**

These benefits are adapted to local contexts, taking into account the characteristics of the reference market and regulations.

5.4 → OTHER ELEMENTS

5.4.1 → Non-competition agreements

Prysmian provides for the possibility of signing non-competition agreements for Executive Directors and Managers with strategic responsibilities and other employees with key roles within the organization. In compliance with case law and practice, these agreements provide for the payment of a percentage of annual fixed remuneration, according to the duration and extent of the restriction arising from the agreement itself.

The non-competition agreements in place provide for the payment of this remuneration whilst employment contracts remain valid. As regards the Executive directors and Managers with strategic responsibilities, the Company has established that, progressively, in stipulating new agreements, said remuneration will only be paid upon termination of employment in line with consolidated market practices. The restriction relates to the sector in which the Group operates and has a variable territorial scope depending on the position held by the individual beneficiary. For example, in 2015, the agreement of the Chief Executive Officer was revised and brought into line with the new Policy, and in 2017, the non-competition agreement of an executive director will be revised and brought into line with this new policy.

5.4.2 → Retention bonus

Without prejudice to its possible offer, to date the retention bonus is applicable only to one Manager with strategic responsibilities. This retention plan was entered into in 2016 and provides for payment of a price only at the end of three years spent with the company and was implemented to overcome specific retention problems.



6. The “YES” Plan



Late 2013, the Prysmian Group launched **YES (Your Employee Share Plan)**, a public shareholding plan intended for all employees.

Characteristics

The Plan has been adopted by 28 different countries, promoted through an intense communication campaign and dedicated training sessions. The Plan regulation provides for that employees can purchase Prysmian shares, within certain time frames scheduled in 2014, 2015 and 2016, at special conditions and as long as they agree not to sell the shares for at least 36 months after purchase. Employees thus received shares with a variable discount of 1% for the Chief Executive Officer and Senior Managers, 15% for Executives and 25% for the other employees, thereby fostering the participation of employees on all levels. Additionally, by way of a welcome bonus, all participants were given six free shares.

Purposes of the plan

The goals pursued by the launch of the Plan are to increase the involvement, sense of belonging and understanding of business by employees, to ensure that the interests of shareholders, customers and employees converge over the long-term and to strengthen the internal perception of the Prysmian Group as a single company, a real “one company”. In short, the desire expressed through the launch of this Plan is to have employees become permanent shareholders, making them the owners of a small part of the company in which they work.

Participation in the Plan

The YES programme has proven to be a real success, chosen by over 7,200 employees: around 44% of the company’s workforce entitled to do so, have become shareholders. In some countries, participation in the Plan was very high during the three years, reaching, for example, almost all employees in Romania, 89% in Turkey and around 80% in the Milan headquarters. Employees have invested a total of 16.8M€ and have been assigned 420,000 own shares free of charge.

New features for 2016

This great participation convinced Prysmian to launch a new programme for another 3 years, introducing some new features. The Shareholders’ Meeting held in April 2016 in fact approved a new plan through to 2019, increasing the number of bonus shares at the time of subscription (8 for those who have already taken part, 3 in subsequent years), introduced a loyalty bonus for those choosing to extend the share lock-up period, and ensuring greater flexibility in Plan management (multiple windows, purchase close to subscription, exit clauses connected with personal life events). The campaign launched in December 2016 suggests good results, with a high participation rate (5,600 participants) and estimated investment over 6M€. Based on this estimate, **the threshold of 50% of employees becoming shareholders should be surpassed**, with a share accounting for over 1% of capital. The shares will be purchased in 2017.

For further details about the Plan, reference can be made to the related Information Document, available from the website www.prysmiangroup.com, in the **Investor Relation – Corporate Governance – Remuneration – Incentive Plans** section.



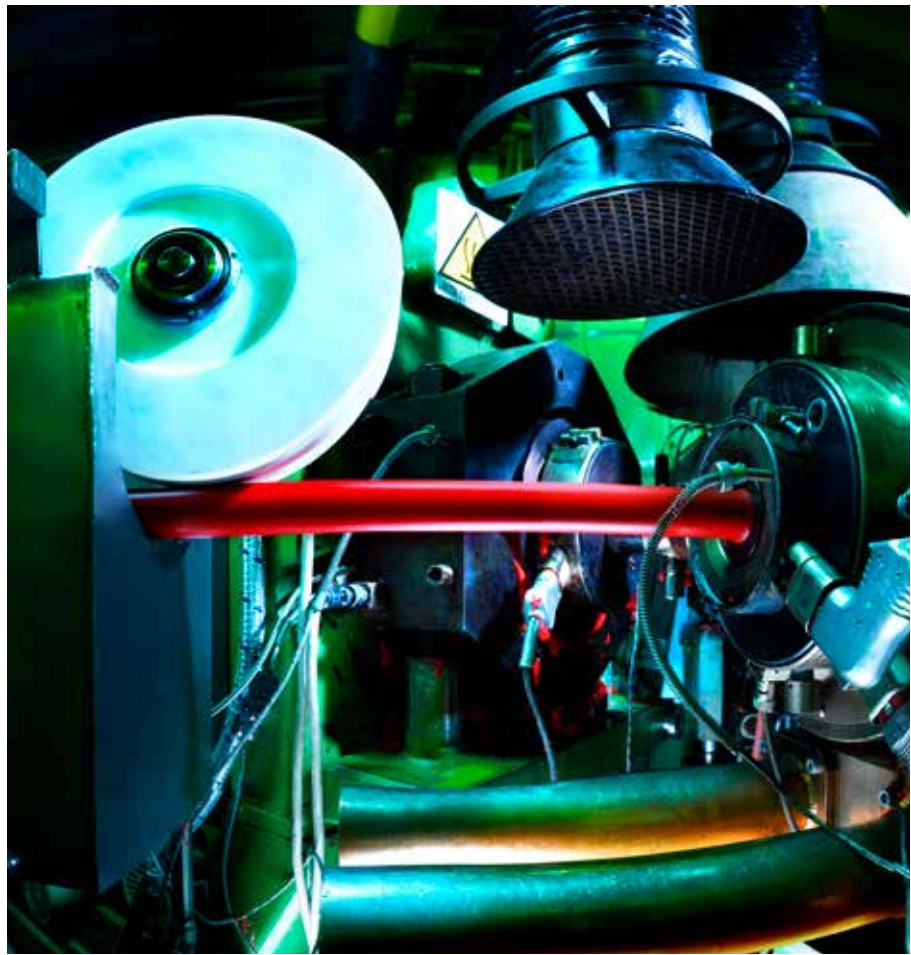
7. End of service or termination indemnity

As regards Executive Directors and/or Managers with strategic responsibilities, the Company undertakes not to enter into ex ante agreements for termination of office or of an employment relationship that are not in line with the provisions of the Code of Conduct and Corporate Governance best practices, in compliance with the laws and local collective bargaining agreements and in any case based on a payment not exceeding a 2-year remuneration.

The agreement for early termination of the employment contract of the Chief Executive Officer provides for an indemnity equal to **24 months of basic salary**, to be paid if the contract is terminated by the company, by mutual consent, due to substantial changes to the role and office or death and permanent invalidity, but not in the case of dismissal for cause. In 2017, the same agreement, with the same characteristics, will be entered into with an Executive Director.

8. Pay structure for auditors

A specific long-term incentive plan has been put in place for the Internal Audit and Compliance Manager, with objectives in line with his responsibilities; therefore, he has been excluded from the Long-term Incentive Plan (2015-17 LTI), in compliance with the provisions of Article 6 of the Code of Conduct for Listed Companies (2014 Edition). The managers responsible for financial reporting, on the other hand, participate in the Plan; the malus and clawback plans have been included also to protect and support the positive outcome of their work.



9. Succession Plan and Talent Management



PERFORMANCE MANAGEMENT

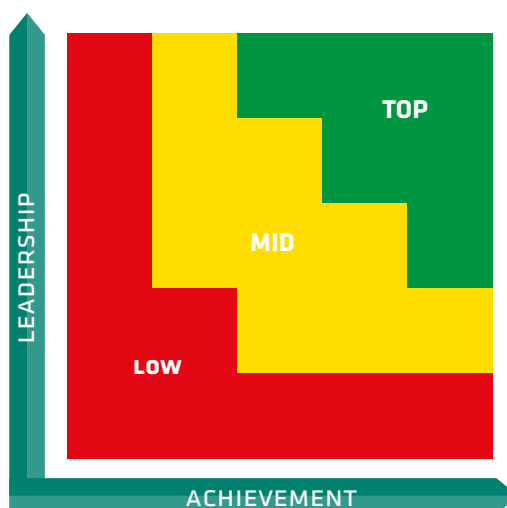
The performance assessment system introduced in 2012, the so-called **Prysmian People Performance system (P3)**, in 2016 was extended to all managers and employees, in all countries, involving around 5,000 people.

The P3 sets the following targets:

- **to bring the individual objectives into line with those of the Group**, thereby motivating each and every employee to do his/her best, generating value for the whole organisation and building a single corporate identity;
- **to orientate leadership behaviour**;
- **to facilitate communication between manager and staff member**, enabling results achieved to be shared;
- **to reward the most deserving resources**, based on objective assessments.

The process is supported by an on-line platform and relies on 5 main steps:

- **definition of performance**: determination of targets and behaviour expected of managers and staff members;
- **constant feedback**: consolidated, lasting relationship between managers and staff members;
- **comprehensive assessment**: assessment of the quantitative and qualitative results achieved;
- **adjustment**: sharing and comparing assessments carried out by management on various levels. During this phase the individual assessment is shared on various levels, through corporate committees, thereby enabling the multiple options of the various stakeholders to be collected and objective assessments to be carried out;
- **final feedback**: the staff member is provided with feedback. At this point, the manager plays a key role in the growth and development of his staff members.



In 2015, following these different experiences in terms of assessment and talent measurement and, last but by no means least, pursuant to the provisions of the Code of Conduct of the Italian Stock Exchange on successions, the Group, as requested by the Remuneration, Nomination and Sustainability Committee, decided to streamline the assessment activities concerning potential, adopt a structured process for talent identification and prepare a succession plan. .

Thus, for the first time ever, 2016 saw the introduction into the Group of a **structured talent identification process, the “P4” (Prysmian People Performance Potential)**. Its main aim is to provide an assessment of potential, predicting future performance in roles of greater responsibility.

The process is based on the assumption of the **concept of talent for Prysmian – CONSISTENT PERFORMANCE + POTENTIAL** – which is the result of a series of structured interviews with the Group’s key managers.

- **The term “consistent performance”** refers to the capacity of having achieved good results, at least in the two previous years (this is calculated using a P3 assessment system algorithm).
- **“Potential”** means the combination of eight personality traits that are significant to the group and, in particular: forward thinker, agile learner, different thinker, resilient, people enabler, socially intelligent, proactive and passionate.

The process, launched in March 2016, involved all those taking part in the P3 process (5,000 employees). The process was then integrated into the definition of the succession plan for the Group’s top executives, carried out by means of a specific assessment performed on 30 managers by Spencer Stuart, which examined the candidates’ past experiences, their current context, their development potential and their capacity to cope with new situations. Questionnaires, interviews and all-round reference checks were used.

The resulting feedback, integrating P4 and further investigations, is that Prysmian has a **solid team of executives who are well able to manage complex situations, who are passionate and have a high level of commitment**. There are successors who are immediately ready, in the short- and medium-term, to take on almost all key positions. Pipeline support and investment in training and development activities run by the Group Academy, remains strategic to the Group.



TALENT & CAREER MANAGEMENT





10. Side by Side



Prysmian has set itself the strategic aim in the management of human resources, of **enhancing diversity and equal opportunities**. In exchange for this commitment, the Group has undertaken a process that started with the implementation of a global Diversity and Inclusion Policy and the development of dedicated supporting initiatives.

In 2016, Prysmian launched a **“Side By Side”** programme, aiming to promote and support diversity in the company. The scope of activities will initially regard support of gender diversity before thereafter extending to include other types of diversity (age, culture, etc.). The programme is based on four pillars:

- **dissemination of the Recruitment and Gender Equality Policy**, as well as the Diversity and Inclusion Policy;
- **identification of female participation quantitative objectives** on the various corporate levels and of representativeness in HR processes (e.g. selection);
- **planning of specific internal and external communication campaigns;**
- **development and implementation of training and awareness raising initiatives relating to diversity** as part of the Prysmian Academy. In order to ensure the greatest possible sharing and involvement of the company’s population, all initiatives will be designed with the support of focus groups involving employees on various corporate levels and of different ages.

Prysmian also aims to **double the number of women holding key management positions in the Group by 2020** and to include, as a requirement in the staff selection processes, the target shares of female candidates.





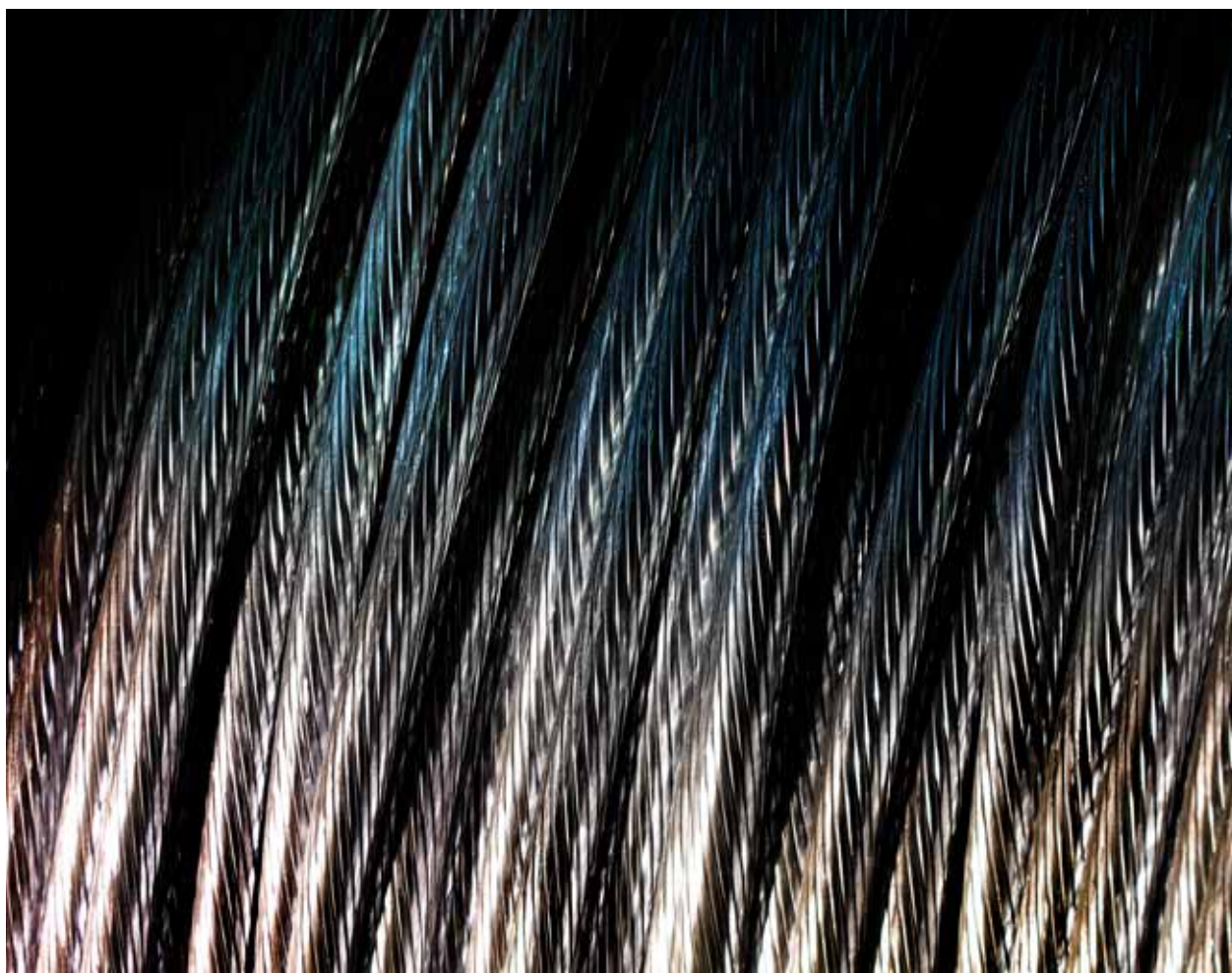
SECTION II

This section of the Remuneration Report illustrates each of the items making up the remuneration of Executive Directors with specific functions and of Managers with strategic responsibilities, and highlights its consistency with the policies described in the first section of the document relating to 2015 and published in 2016.

I. Chairman of the Board of Directors

The remuneration of **Massimo Tononi, Chairman of the Board of Directors**, totally amounts to Euro 130,000 of which Euro 60,000 for his position as Chairman of the Board of Directors, Euro 50,000 as an Independent Director and Euro 20,000 as a member of the Remuneration, Nomination and Sustainability Committee.

The fixed remuneration paid during 2016 amounts to an overall total of Euro 130,000, of which Euro 43,300 was paid in April, as the second instalment of the remuneration for the period from April 2015 to April 2016 and Euro 86,700 in December as the first instalment of the remuneration for 2016 - 2017.



II. Chief Executive Officer and General Manager

The remuneration of **Valerio Battista, Chief Executive Officer and General Manager of the Prysmian Group**, is made up as follows:

➤ **Fixed pay**
Euro 1,100,000.

➤ **Annual cash variable pay**
the value of the 2016 MBO is Euro 947,650, which is the total amount agreed as a result of the achievement of performance levels above the target, as shown in the following table.

		2016	2015	2014	
	ON/OFF	GROUP NET FINANCIAL POSITION	ON	ON	ON
		RECURRING GROUP EBITDA	ON	ON	OFF
		RESULT			
	OBJECTIVES	RECURRING GROUP EBITDA	52,4	60	/
		GROUP NET FINANCIAL POSITION	30	30	/
		GROUP FIXED COSTS	21,8	22,9	/
		M&A PROJECTS (REMCO AND BOD ASSESSMENT)	25	30	/
		TOTAL	129,2	142,9	/

Valerio Battista chose to participate in the Co-investment Plan with a Dynamic Profile. Therefore, the value of the MBO paid is Euro 236,913 and the value of the deferred bonus will be Euro 710,737.

➤ 2015-2017 deferral and co-investment

Valerio Battista is one of the beneficiaries of the Deferral and Co-investment Plan; as part of this Plan, the deferred portion of his 2015 and 2016 MBO, including the multiplier, will entitle him to receive 225,441 shares in 2018, if the target performance conditions are met. If the performance conditions are not met, he will instead receive 22,544 shares.

➤ 2015-2017 performance shares

Valerio Battista is included among the beneficiaries of the Performance Share Plan; under this Plan, he has been assigned a total of 186,898 options to receive shares in 2018, on achieving the defined performance target conditions. The maximum number of rights that can be assigned if the maximum targets are achieved (cap) is 280,347⁽¹⁾.

➤ Benefits

The value of the non-cash benefits package allocated to the Chief Executive Officer is Euro 10,746.

➤ Agreement for early termination of the employment relationship

As from 01/03/2015 a new agreement has been entered into with Valerio Battista in case of early termination of his employment contract, providing for an indemnity equal to 24 months' salary to be disbursed if the contract is terminated on the initiative of the Company due to termination by mutual consent, to significant changes in role and position or death and permanent disability.

➤ Non-competition agreements

In addition, Valerio Battista holds a Non-Competition Agreement which includes a non-competition obligation for three years from terminating the employment relationship, for whatever reason it might occur. The remuneration for accepting this restriction is 40% of the base remuneration, multiplied by the number of years the agreement is in force (three) and will be paid only on termination of the employment relationship.

➤ Share purchase plan at special conditions for employees

Valerio Battista has chosen to participate in the Group employee share purchase plan (YES), with an investment of Euro 13,335 in the third share purchase cycle (July 2016). Thanks to this investment he has received 704 shares, 7 of which on a free basis.

(1) In the Tables in the following pages, the fair value of the Plan is given considering the amount accrued in 2015 and 2016 of 20.5/32.5 of the options allocated to target..

III. Executive directors



The remuneration of **Fabio Ignazio Romeo, Chief Strategy Officer of the Prysmian Group**, is made up as follows:

Fixed pay

Euro 701,710, including gross annual pay of Euro 601,710 and the fee for the non-competition agreement equal to Euro 100,000 for the 2016 period. This agreement, which applies to the 2013-2016 period, provides for the payment of the fee in four annual instalments of equal value.

Annual cash variable pay

the value of the 2016 MBO is Euro 388,704, which is the total amount agreed as a result of the achievement of performance levels above the target, as shown in the following table.

		2016	2015	2014
	ON/OFF	GROUP NET FINANCIAL POSITION	ON	ON
		RECURRING GROUP EBITDA	ON	ON
		RESULT		
	OBJECTIVES	RECURRING GROUP EBITDA	52,4	60
		GROUP NET FINANCIAL POSITION	30	30
		GROUP FIXED COSTS	21,8	22,9
		M&A PROJECTS (REMCO AND BOD ASSESSMENT)	25	30
TOTAL		129,2	142,9	/

Fabio Ignazio Romeo chose to participate in the Co-investment Plan with a Dynamic Profile. Therefore, the value of the MBO paid is Euro 97,176 and the value of the deferred bonus will be Euro 291,582.

2015-2017 deferral and co-investment

Fabio Ignazio Romeo is included among the beneficiaries of the deferral and co-investment plan; as part of this Plan, the deferred share of his MBO for 2015 and 2016 including the multiplier will entitle him to receive 101,154 shares in 2018 if the target performance conditions are met. Should the performance conditions not be achieved he will instead receive 10,115 shares.

2015-2017 performance shares

Fabio Ignazio Romeo is included among the beneficiaries of the Performance Share Plan; under this Plan, he has been assigned a total of 77,291 options to receive shares in 2018, on achieving the defined performance target conditions. The maximum number of rights that can be assigned if the maximum targets are achieved (cap) is 115,936².

Benefits

The value of the non-cash benefits package allocated to Fabio Ignazio Romeo is Euro 7,289.

Share purchase plan at special conditions for employees

Fabio Romeo has chosen to participate in the Group employee share purchase plan (YES), with an investment of Euro 13,335 in the second share purchase cycle (July 2016). Thanks to this investment he has received 704 shares, 7 of which on a free basis.

(2) In the Tables in the following pages, the fair value of the Plan is given considering the amount accrued in 2015 and 2016 of 20.5/32.5 of the options allocated to target.

The remuneration of **Pier Francesco Facchini, Chief Financial Officer of the Prysmian Group**, is made up as follows:

Fixed pay

Euro 554,615. The gross annual pay of Pier Francesco Facchini increased starting from 01 March 2016 from the previous Euro 525,000 to Euro 560,000.

Annual cash variable pay

the value of the 2016 MBO accrued is Euro 393,750, which is the total amount agreed as a result of the achievement of performance levels that exceed the target level, as shown in the table below and upon application of the multiplier (+15% up to cap) linked to the assessment of individual performance.

		2016	2015	2014
	ON/OFF			
	POSIZIONE FINANZIARIA NETTA DI GRUPPO	ON	ON	ON
	RECURRING EBITDA DI GRUPPO	ON	ON	OFF
		RESULT		
	OBJECTIVES			
	RECURRING GROUP EBITDA	52,4	60	/
	GROUP NET FINANCIAL POSITION	30	30	/
	GROUP FIXED COSTS	21,8	22,9	/
	AVERAGE OWC TOTAL PRYSMIAN ON YTD SALES	30	30	/
TOTAL		134,2	142,9	/

Pier Francesco Facchini chose to participate in the Co-investment Plan with a Dynamic Profile. Therefore, the value of the MBO paid is Euro 98,438 and the value of the deferred bonus will be Euro 295,312.

2015-2017 deferral and co-investment

Pier Francesco Facchini is included among the beneficiaries of the deferral and co-investment plan; as part of this Plan, the deferred share of his MBO for 2015 and 2016 including the multiplier will entitle him to receive 94,834 shares if the target performance conditions are met. Should the performance conditions not be achieved he will instead receive 9,483 shares.

2015-2017 performance shares

Pier Francesco Facchini is included among the beneficiaries of the Performance Share Plan; under this Plan, he has been assigned a total of 67,437 options to receive shares in 2018, on achieving the defined performance target conditions. The maximum number of rights that can be assigned if the maximum targets are achieved (cap) is 101,156³.

Benefits

The value of the non-cash benefits package allocated to Pier Francesco Facchini is Euro 7,149.

Agreement for early termination of the employment relationship

Starting on 08/01/2007 an indemnity equal to 24 months of his gross annual pay was agreed for Pier Francesco Facchini in view of early termination of the employment relationship. This indemnity accrues if termination of the contract occurs at the Company's initiative and is not connected to performance criteria.

Share purchase plan at special conditions for employees

Pier Francesco Facchini has chosen to participate in the Group employee share purchase plan (YES), with an investment of Euro 13,335 in the second share purchase cycle (July 2016). Thanks to this investment he has received 704 shares, 7 of which on a free basis.

(3) In the Tables in the following pages, the fair value of the Plan is given considering the amount accrued in 2015 and 2016 of 20.5/32.5 of the options allocated to target.



The remuneration of **Massimo Battaini, Senior Vice President Energy Projects of the Prysmian Group**, is as follows:

Fixed pay

Euro 670,000, including gross annual pay of Euro 600,000 and the fee for the non-competition agreement equal to Euro 70,000 for the 2016 period. This agreement, which applies to the 2015-2019 period, provides for the payment of the fee in four annual instalments of equal value.

Annual cash variable pay

The value of the 2016 MBO accrued is Euro 450,000, which is the total amount agreed as a result of the achievement of performance levels that exceed the target level, as shown in the table below and upon application of the multiplier (+15% up to cap) linked to the assessment of individual performance.

		2016	2015	2014	
	ON/OFF	GROUP NET FINANCIAL POSITION	ON	ON	ON
		RECURRING GROUP EBITDA	ON	ON	OFF
		RESULT			
	OBJECTIVES	RECURRING GROUP EBITDA	60	75	/
		GROUP NET FINANCIAL POSITION	30	30	/
		GROUP FIXED COSTS	21,8	11,4	/
		INDIVIDUAL OBJECTIVE	25	30	/
TOTAL		136,8	146,4	/	

Massimo Battaini chose to participate in the Co-investment Plan with a Dynamic Profile. Therefore, the value of the MBO paid is Euro 112,500 and the value of the deferred bonus will be Euro 337,500.

2015-2017 deferral and co-investment

Massimo Battaini is one of the beneficiaries of the Deferral and Co-investment Plan; as part of this Plan, the deferred portion of his 2015 and 2016 MBO, including the multiplier, will entitle him to receive 102,962 shares in 2018, if the target performance conditions are met. Should the performance conditions not be achieved he will instead receive 10,296 shares.

2015-2017 performance shares

Massimo Battaini is included among the beneficiaries of the Performance Share Plan; under this Plan, he has been assigned a total of 69,364 options to receive shares in 2018, on achieving the defined performance target conditions. The maximum number of rights that can be assigned if the maximum targets are achieved (cap) is 104,046⁴.

Benefits

The value of the non-cash benefits package allocated to Massimo Battaini is Euro 6,566.

(4) In the Tables in the following pages, the fair value of the Plan is given considering the amount accrued in 2015 and 2016 of 20.5/32.5 of the options allocated to target..

IV. Non-executive directors

Remuneration of non-executive directors consists entirely of fixed compensation of Euro 50,000. Non-executive directors who are members of committees also receive additional fixed compensation of Euro 20,000 for each office held within the two committees.

The fixed fees paid during 2016 to **Mr De Conto** correspond to an overall total of Euro 90,000, of which Euro 30,000 paid in April, as the second instalment of the fee for the period April 2015 to April 2016 and Euro 60,000 in December as the first instalment of the fee for 2016-2017.

The fixed fees paid during 2016 to **Ms Cappello** correspond to an overall total of Euro 70,000, of which Euro 23,300 paid in April, as the second instalment of the fee for the period April 2015 to April 2016 and Euro 46,700 in December as the first instalment of the fee for 2016-2017.

The fixed fees paid during 2016 to **Mr Tamburi** correspond to an overall total of Euro 70,000, of which Euro 23,300 paid in April, as the second instalment of the fee for the period April 2014 to April 2015 and Euro 46,700 in December as the first instalment of the fee for 2015-2016.

The fixed fees paid during 2016 to **Ms de Virgiliis** correspond to an overall total of Euro 50,000, of which Euro 16,700 paid in April, as the second instalment of the fee for the period April 2014 to April 2015 and Euro 33,300 in December as the first instalment of the fee for 2015-2016.

The fixed fees paid during 2016 to **Mr Capponi** correspond to an overall total of Euro 50,000, of which Euro 16,700 paid in April, as the second instalment of the fee for the period April 2014 to April 2015 and Euro 33,300 in December as the first instalment of the fee for 2015-2016.

The fixed fees paid during 2016 to **Ms Mariani** correspond to an overall total of Euro 70,000, of which Euro 23,300 paid in April, as the second instalment of the fee for the period April 2014 to April 2015 and Euro 46,700 in December as the first instalment of the fee for 2015-2016.



V. Auditors

The remuneration of the auditors consists solely of a fixed fee of Euro 75,000 for the Chairman and Euro 50,000 for each standing auditor. Paolo Lazzati, besides the fee of Euro 50,000 as auditor, during 2016 received a fee of Euro 30,920 per year as auditor of the subsidiaries Prysmian Cavi e Sistemi S.r.l. and Prysmian PowerLink S.r.l.

VI. Managers with strategic responsibilities

The four Managers with strategic responsibilities, differently from managers who are also members of the Board of Directors, received, at aggregate level, pay as follows:

Fixed pay

Euro 2,140,000, including:

- annual gross remuneration of Euro 1,840,000,
- payment concerning the Non-Competition Agreements entered into with three of the Managers with strategic responsibilities of Euro 150,000 for the 2016 period,
- welcome bonus for one of the Managers with strategic responsibilities of Euro 150,000,
- expatriation allowance for two of the Managers with strategic responsibilities of Euro 164,529.

Annual cash variable pay

The value of the accrued MBO for 2016 is Euro 1,077,806 which is the total amount agreed as a result of the achievement of performance levels above the target level, mainly based on economic/financial indicators relating to the Group and the relevant business area. Three Managers with strategic responsibilities chose to participate in the Co-investment Plan with a Dynamic Profile, whilst the fourth, pursuant to regulations, had to participate with a balanced profile. Therefore, the value of the MBO paid is Euro 320,577 and the value of the deferred bonus will be Euro 757,229.

2015-2017 deferral and co-investment

Managers with strategic responsibilities are included amongst the beneficiaries of the Deferral and Co-Investment Plan; under the scope of this Plan, the deferred portion of their 2015 and 2016 MBO, including the multiplier, will entitle them to receive 232,015 shares in 2018, if the target performance conditions are met. If the performance conditions are not met, they will instead receive 25,172 shares.

2015-2017 performance shares

Managers with strategic responsibilities are included amongst the beneficiaries of the Performance Share Plan; under the scope of this Plan, they were entitled to a total of 236,352 rights to receive shares in 2018, upon meeting the defined target performance conditions. The maximum number of rights that can be assigned if the maximum targets are achieved (cap) is 354,527⁵.

Benefici

The value of the non-cash benefits package allocated to the Managers with strategic responsibilities is Euro 153,496.

(5) In the Tables in the following pages, the fair value of the Plan is given considering the amount accrued in 2015 and 2016 of 20.5/32.5 of the options allocated to target.

Remuneration report tables

Full name	Position held	Term of office	End of term of office	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	End-of-service or post-employment benefits
						Bonuses and other incentives	3					
A	B	C	D	1	2	4	5	6+7+8+9+10+11	12	13	14	15
MARIA ELENA CARPELLO	Independent non-executive director	1/1/2016 - 31/12/2016	2018									
	(I) Remuneration form the company which prepares the financial statements											
	(II) Remuneration from subsidiaries and associates											
(III) Total				50.000	20.000					70.000		
<i>Notes</i>												
ALBERTO CAPPONI	Independent non-executive director	16/4/2016 - 31/12/2016	2018									
	(I) Remuneration form the company which prepares the financial statements											
	(II) Remuneration from subsidiaries and associates											
(III) Total				50.000						50.000		
<i>Notes</i>												
GIOVANNI TAMBURI	Independent non-executive director	1/1/2016 - 31/12/2016	2018									
	(I) Remuneration form the company which prepares the financial											
	(II) Remuneration from subsidiaries and associates											
(III) Total				50.000	20.000					70.000		
<i>Notes</i>												
PELLEGRINO LIBROIA	Chairman of the Board of Statutory Auditors	1/1/2016 - 31/12/2016	2019									
	(I) Remuneration form the company which prepares the financial statements											
	(II) Remuneration from subsidiaries and associates											
(III) Total				75.000						75.000		
<i>Notes</i>												
PAOLO LAZZATI	Auditor	1/1/2016 - 31/12/2016	2019									
	(I) Remuneration form the company which prepares the financial statements											
	(II) Remuneration from subsidiaries and associates											
(III) Total				50.000						50.000		
<i>Notes</i>												
GUALTIERI LAURA	Auditor	13/04/2016 - 31/12/2016	2019									
	(I) Remuneration form the company which prepares the financial statements											
	(II) Remuneration from subsidiaries and associates											
(III) Total				30.920						30.920		
<i>Notes</i>												
MOSCONI MARIA LUISA	Auditor	1/1/2016 - 13/04/2016	2016									
	(I) Remuneration form the company which prepares the financial statements											
	(II) Remuneration from subsidiaries and associates											
(III) Total				50.000						50.000		
<i>Notes</i>												
4	Managers with strategic responsibility	1/1/2016 - 31/12/2016										
	(I) Remuneration form the company which prepares the financial statements											
	(II) Remuneration from subsidiaries and associates											
(III) Total				1.603.000						2.282.634		
<i>Notes</i>												
10				1.990.000						2.791.037		
												Travel allowance and secondment allowances
of which: 1.840.000 euro as Cross Annual Salary; 150.000 euro as fee for non-competition clause												

SCHEME N. 7 - TER

TABLE 1: EQUITY INVESTMENTS OF MEMBERS OF THE BOARDS OF DIRECTORS AND STATUTORY AUDITORS AND OF GENERAL MANAGERS

FULL NAME	POSITION HELD	INVESTEE COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS YEAR	NUMBER OF SHARES BOUGHT	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT YEAR
VALERIO BATTISTA	Chief Executive Officer	Prysmian S.p.A.	3.319.797	704	0	3.320.501
PIER FRANCESCO FACCHINI	Director	Prysmian S.p.A.	149.089	704	0	149.793
MASSIMO BATTAINI (1)	Director	Prysmian S.p.A.	101.115	9.500	0	110.615
FABIO ROMEO	Director	Prysmian S.p.A.	127.919	704	0	128.623

(1) Massimo Battaini holds shares of Prysmian S.p.A. in part directly and in part indirectly through his spouse.

TABLE 2: EQUITY INVESTMENTS OF OTHER MANAGERS WITH STRATEGIC RESPONSIBILITY

NUMERO DIRIGENTI CON RESPONSABILITA' STRATEGICHE	INVESTEE COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS YEAR	NUMBER OF SHARES BOUGHT	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT YEAR
4	Prysmian S.p.A.	34.549	0	0	34.549

REMUNERATION REPORT