REPORT BY THE BOARD OF DIRECTORS OF PRYSMIAN S.P.A. ("*PRYSMIAN*" OR THE "*COMPANY*") TO VOTE, AS ITEMS NUMBER NINE AND TEN OF THE AGENDA OF THE ORDINARY SESSION OF THE SHAREHOLDERS' MEETING SCHEDULED ON 28 APRIL 2021 (THE "*SHAREHOLDERS' MEETING*"), UPON THE REPORT ON REMUNERATION POLICY AND COMPENSATION PAID OF PRYSMIAN GROUP, PURSUANT TO ARTICLE 125-TER OF THE ITALIAN LEGISLATIVE DECREE NO. 58/1998, AS AMENDED AND UPDATED.

9. **Approval of the 2021 remuneration policy.**

10. **Advisory vote on the compensation paid in 2020.**

PREAMBLE

Shareholders,

With reference to items number nine and ten of the agenda, you are invited to resolve upon the "*Report on remuneration policy and compensation paid*" of Prysmian Group, as approved by the Board of Directors and here attached (the "**Report**").

It is reminded that the relevant legislation about the transparency of the compensation of Board of Directors' Members, of General Managers, of Managers with Strategic Responsibilities and of the Board of Statutory Auditors' Members of listed companies, is currently regulated by UE Shareholders Right Directive II and its implementation in Italy with the amendments to art. 123-*ter* of Italian Legislative Decree no. 58/1998 ("**T.U.F.**").

Art. 123-*ter* of T.U.F. requires listed companies to make the Report publicly available at least 21 days before the Shareholders' Meeting and that it should consist of two sections: (i) a remuneration report, to be submitted to Shareholders' binding vote in any case at least every three years or before in case of amendments, and (ii) a report on the remuneration paid, to be submitted each year to Shareholders' non-binding vote.

***

9. APPROVAL OF THE 2021 REMUNERATION POLICY.

Pursuant to art. 123-*ter*, paragraphs 3-*bis* e 3-*ter*, of T.U.F., the Shareholders' Meeting is required to adopt a binding vote on the first section of the Report that describes the remuneration policy for the Board of Directors' Members, the General Managers, the Managers with Strategic Responsibilities and the Board of Statutory Auditors' Members, together with the procedures used for the adoption and implementation of said policy.

The Board of Directors of the Company deems it appropriate to amend the remuneration policy approved by the Shareholders' Meeting of 28 April 2020 and therefore submits a new first section of the "*Report on remuneration policy and compensation paid*", which the Shareholders' Meeting is required to resolve upon with binding vote.

Considering the above, we propose that you adopt the following resolution:

"The Shareholders' Meeting,

- ***examined the "*****Report on remuneration policy and compensation paid*****" as approved by the Board of Directors,***
- ***considering that art. 123-ter, paragraphs 3-bis e 3-ter, of the Italian Legislative Decree no. 58/1998 requests that the first section of the aforementioned report has to be submitted to the binding vote of the shareholders,***

RESOLVES

To approve the first section of the "Report on remuneration policy and compensation paid"."

***

10. ADVISORY VOTE ON THE COMPENSATION PAID IN 2020.

Pursuant to art. 123-*ter*, par. 6, of T.U.F., the Shareholders' Meeting is required to adopt a non-binding resolution for or against the second section of the *"Report on remuneration policy and compensation paid"*, which describes in detail:

a) each of the items comprising compensation of the members of the Board of Directors, the General Managers, the Managers with Strategic Responsibilities and the Board of Statutory Auditors' Members, highlighting the coherence with the remuneration policy relating to the 2020 financial year;
b) the compensation paid during the 2020 financial year and the compensation, to be paid during one or more following financial years, for the activity carried out in the reference financial year.

Therefore, we invite you to express your opinion as follows:

"The Shareholders' Meeting, considering the "*Report on remuneration policy and compensation paid*", expresses a favourable opinion on the second section of said report, containing the description of the compensation paid to the members of the Board of Directors, the General Manager, the Managers with Strategic Responsibilities and the Board of Statutory Auditors' Members of Prysmian S.p.A."

Milan, 25 March 2021

***

E-MARKET
SDIR
CERTIFIED

Report on Remuneration Policy and Compensation Paid

2021

Prysmian Group

Linking the Future

Report on Remuneration Policy and Compensation Paid

2021

Prysmian Group

Approved by the Board of Directors on March 10, 2021

This document regarding transparency over Directors' remuneration in listed companies has been prepared in compliance with Article 123-ter of the Italian Consolidated Law on Finance (TUF), Article 84-quater of the Issuers' Regulation and the Corporate Governance Code of Borsa Italiana S.p.A.

Prysmian S.p.A. – Via Chiese 6, 20126 Milan – Tax code 04866320965 – VAT Reg. No. 11413240968

Dear Shareholders,

I am pleased to present you with the Report on remuneration policy and compensation paid, a document through which we aim to inform all Stakeholders in an exhaustive and transparent way of the principles underlying our remuneration policy, the systems and processes governing it and the results of its application.

2020 was a very challenging year for the Prysmian's management team and Remuneration and Nomination Committee. The dramatic context of the pandemic has inevitably taken up a large part of the intensive work carried out by the Committee, which monitored the impacts of Covid-19 from the initial outbreak, paying particular attention to the actions implemented by the Company's management to protect employees' health and tackle a situation marked by extreme volatility and uncertainty.

In light of the results achieved, we feel able to confirm that management's commitment, together with the dedication of all our people, has enabled us to achieve, in this context, good economic performance and important cash generation, in conjunction with a constant focus on protecting people and their health, as well as sustainability-related issues, in the same way as has happened increasingly in recent years.

Essentially continuing the policy approved by the Shareholders' Meeting in 2020, also in response to the recent changes regarding disclosures introduced by Consob, this Report further improves the level of transparency, providing greater detail about the link between the remuneration policy, the management and development of people and the broader corporate strategy.

In this reference framework, the link with our ESG (Environmental, Social, Governance) strategy and the approach to "pay for performance" are particularly important.

ESG STRATEGY – We have doubled the weight of the ESG objective in the short-term incentive system (2021 MBO Plan), going from 10-15% to 20-30%, thereby aligning the weight of the short-term ESG indicators with the provision made in our 2020-2022 Long Term Incentive Plan, whilst enhancing at the same time the annual ESG objective with a further indicator focused on reducing CO_2 emissions and increasing to two the indicators related to gender balance in management.

PAY FOR PERFORMANCE – The Summary and, more broadly, Section II of this Report illustrate the link between performance and short and long-term variable remuneration, providing a detailed description of the rationale and criteria adopted by the Committee and the Board of Directors to monitor and make discretionary assessments of the impact of Covid-19 for purposes of recognizing variable incentives, in line with the return to a full dividend policy and, in any case, within the limits of the conditions laid down regarding the policy approved for 2020.

Prysmian Group also intends to continue to invest in the sense of belonging and long-term engagement of its people: for this reason, it is submitting to a Shareholders' vote a further 3-year cycle, under similar conditions, of the YES (Your Employee Shares) stock ownership plan that allows all employees to purchase shares at favorable conditions. Even in such a difficult year as 2020, YES saw the participation of more than 4,000 employees and now has more than 9,200 employees as permanent Shareholders of the Company.

This Report is presented in conjunction with the company list for the appointment of the new Board of Directors: with the aim of further strengthening group governance and aligning Prysmian with European best practices, the outgoing Board, on the proposal of the Committee, has formulated a proposal to revise the remuneration to be paid to Independent Non-Executive Directors, also based on an extensive benchmarking activity supported by independent advisors.

Lastly, I would like to emphasize that the continual improvement of our remuneration policy would not be possible without a constant and open dialogue between the Company and its Shareholders: the will of the Committee to gather and carefully assess the feedback and food for thought offered by investors, with a view to translating them into concrete actions, is also confirmed this year by an intensive and fruitful engagement activity in view of the forthcoming Shareholders' Meeting.

Paolo Amato
Chairman of the Remuneration and Nomination Committee

E-MARKET SDIR CERTIFIED

TABLE OF CONTENTS

Introduction

This Report on remuneration policy and compensation paid, approved by the Board of Directors, on the proposal of the Remuneration and Nomination Committee, on March 10, 2021 (hereinafter the "Report"), prepared according to Article 123-ter of Italian Legislative Decree No. 58/1998 ("Consolidated Law on Finance" or "TUF"), as amended by Italian Legislative Decree No. 49/2019 implementing Directive (EU) No. 2017/828 (so-called "Shareholders Rights Directive II" or "SHRD II") of the European Parliament, in accordance with Article 84-quater of the Issuers' Regulation and the Corporate Governance Code of Borsa Italiana S.p.A., illustrates:

- in Section I, the Policy that will be adopted by Prysmian Group (hereafter "**Prysmian**" or the "Company") for the remuneration of Directors, Statutory Auditors and Managers with Strategic Responsibilities ("**MSR**")[1], subject to its approval upon the Shareholders' Meeting to be convened for the approval of the Financial Statements for the year ended at December 31, 2020, with effect relating to two years beginning from the date of the Shareholders' Meeting to be called to approve the Financial Statements for the year ending December 31, 2022, and whose term coincides with the remaining duration of the 3-year performance period of the 2020-2022 Long Term Incentive Plan.
Although Section I is essentially a continuation — in terms of principles, remuneration elements and incentive mechanisms — of the policy approved by the Shareholders' Meeting on April 28, 2020 valid for three years, it is believed that the appointment of the new Board of Directors, the Company's changing organizational structure, as well as the regulatory framework[2], require the policy to be re-submitted for Shareholders' approval, in view of the maximum transparency that has always distinguished Prysmian's approach to remuneration matters and as an opportunity to further improve disclosure on fundamental aspects of the Company and remuneration strategies with a particular focus on sustainability-related issues.
Section I of this Report also describes the general purposes pursued by the Policy, the bodies involved and the procedures used for adopting and implementing the same.
The general principles and guidelines defined in Section I of this Report are also relevant for purposes of determining the remuneration policies of the companies controlled directly and indirectly by Prysmian S.p.A.[3].
The Policy described in Section I of the Report was drawn up in accordance with recommendations concerning remuneration of the Corporate Governance Code for Listed Companies[4];

- in Section II, the remuneration paid in 2020 to Prysmian Directors, Statutory Auditors, the Chief Executive Officer and General Manager and other Managers with Strategic Responsibilities, with particular reference to the method used for measuring the impact of the Covid-19 pandemic on the results and its consideration for purposes of the discretionary assessment carried out by the Board of Directors, on the proposal of the Remuneration and Nomination Committee, regarding the management of variable short-term (2020 MBO Plan) and long-term (2020-2022 LTI Plan) remuneration.

The two sections of the Report are introduced by a summary of the main information ("Summary") in order to provide the market and investors with an immediately readable picture of the key elements of the Policy planned for the 2021-2022 two-year period and for implementation in 2020, shared in the context of Prysmian's approach aimed at transparency and a broad concept of sustainable performance.

Lastly, the Report illustrates the share ownership of the Directors, the Statutory Auditors, the Chief Executive Officer and General Manager and the other Managers with Strategic Responsibilities[5].

The text of this Report is made available to the public, within the time limits specified for the Shareholders' Meeting called to approve the 2020 Financial Statements and asked to pass a binding resolution on Section I of the same Report, as well as on Section II, as provided for in current legislation[6]. Information documents relating to stock plans are available on the Company's website in section Governance/Remuneration policy under Remuneration Policy and Incentive Plans.

NOTES:

1 - Pursuant to Article 65, paragraph 1-quater, of the Issuers' Regulation, "Managers with Strategic Responsibilities" are those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling Prysmian activities. Prysmian's Managers with Strategic Responsibilities are all the Executive Directors and the heads of the three Business Divisions directly reporting to the Chief Executive Officer. For further details on Prysmian's organisational structure please refer to the Company's website (www.prysmiangroup.com).

2 - Changes occurred following Consob Resolution No. 2163 of December 10, 2020 concerning "Amendments to the implementing Rules of Legislative Decree No. 58 of February 24, 1998 concerning provisions on Issuers, adopted through Resolution No. 11971 of May 14, 1999, as further amended and extended".

3 - The remuneration policies of the subsidiaries are determined in accordance with the principle of managerial autonomy, particularly for listed and/or regulated companies, as well as in compliance with the requirements laid down by local regulations.

4 - For further details on the terms of adoption by Prysmian of the Corporate Governance Code, reference should be made to the Report on Corporate Governance published on the Company's website.

5 - See Article 84-quater, paragraph 4, of the Issuers' Regulation.

6 - Article 123-ter of TUF, as amended by Article 3 of Italian Legislative Decree No. 49/19, with particular regard to paragraphs 3-bis, 3-ter and 6.

SUMMARY

1. Creation of sustainable value

Prysmian promotes, for its shareholders and all of its stakeholders, the creation of sustainable value, drawing inspiration from the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.

Our **Sustainability Scorecard**[7] translates the sustainable development goals into concrete and measurable objectives and indicators, represents a key piece of a constantly changing broader and articulate medium-term roadmap and is an integral part of our remuneration strategy, through a direct link with the short-term (Management by Objectives Plan or MBO) and long-term (Long Term Incentive Plan or LTI) incentive systems.

50% of KPIs composing our Sustainability Scorecard are **connected to variable remuneration systems** (MBO Plan and LTI Plan):

20%-30% of the annual incentive - **twice the weight** of 2020

20%-30% of the long-term incentive

SDGs	KPIs	BASELINE 2019	TARGET 2022
	Percentage of product families covered by the carbon footprint measurement	70%	**85%**
	Percentage of annual revenues from low carbon-enabling products	48%	**48% to 50%**
LTI	Percentage reduction in the emissions of greenhouse gases (Scope 1 and 2)	889 ktCO_2	**-2% to -3%**
	Percentage reduction in energy consumption	9.845 TJ	**-3%**
MBO	Percentage of plants certified ISO 14001	83%	**95%**
LTI	Percentage of waste recycled	63%	**64% to 66%**
	Percentage of drums (tonnes) reused during the year	46%	**Maintain**
	Number of sustainability audits carried out based on risks in the supply chain	15	**20**
	Percentage of cables assessed using Ecolabel criteria developed internally by Prysmian	0%	**20%**
	Employee Engagement Index (EI)	EI: 65%	**EI: 67% to 70%**
LTI	Leadership Impact Index (LI)	LI: 57%	**LI: 59% to 65%**
	Average hours of training per employee each year	26 hours	**30 hours**
LTI	Percentage of womem executives	12%	**14% to 18%**
MBO	Percentage of white collar women hired with permanent contracts	33%	**40%**
MBO	Frequency rate (IF) - Internal employees Frequency rate (IF) - Internal and external employees	IF: 1.30 IF: 1.31	**IF: 1.12**
	Severity rate (IG) - Internal employees Severity rate (IG) - Internal and external employees	IG: 41.54 IG: 41.94	**IG: 41**

NOTES:
7 - For the notes on the Group Sustainability Scorecard please refer to para. "Our targets for 2022 - Scorecard" of the 2019 Sustainability Report

ESG Strategy

Prysmian pursues an integrated strategy aimed at best developing ESG (Environmental, Social, Governance) topics.

In terms of Corporate Governance, the appointment of the new Board of Directors, inspired by the highest standards at European level, is aimed at significantly strengthening corporate governance in the direction of independence, international profile and diversity.

Prysmian has also defined a new organizational structure, further reinforcing the focus on the Group's organic and non-organic growth strategy, as well as on the acceleration of the main innovation projects, in order to best seize the opportunities represented by the transition towards low-carbon energy and the development of telecommunication networks to support digitalization.

In particular, the new **Chief Operating Officer (COO)** role will oversee the operational strategy, performance and results of the business Regions, in coordination with the three business Divisions, in order to leverage the wider geographical presence and proximity to customers, whilst at the same time ensuring business synergies.

In order to ensure full coverage of sustainability-related issues, the Remuneration, Nomination and Sustainability Committee has evolved into two separate committees — the Remuneration and Nomination Committee and the Sustainability Committee, composed solely of Independent Directors — and the role of **Chief Sustainability Officer** has also been created, responsible for coordinating the definition and implementation of the sustainability strategy, overseeing and monitoring progress relating to ESG objectives in the medium-long term.

The new organization has led to the revision of the list of Managers with Strategic Responsibilities (MSR) as approved by the Board of Directors on February 3, 2021 and detailed in Section I of this Report (para. 2.1), also for purposes of identifying remuneration policy recipients.

In 2020, in collaboration with the Company's competent offices, the Remuneration, Nomination and Sustainability Committee (later the Remuneration and Nomination Committee) updated the **succession plan** designed to proactively support managerial continuity in senior positions and promote medium/long-term generational exchange, thus confirming the Group's commitment to improving its own talent pipeline and developing Human Capital.

The plan is based on specific criteria for assessing leadership, experience and skills, and has been supported by an individual assessment program curated by an international team from the company Egon Zehnder. Particular attention has been paid to the gender balance issue, with the aim of best supporting talented women included in the pool to reach more senior management positions, in line with the gender balance targets declared by the Company. The succession plan, which affects the Company's top positions, is fed through a process known as "P4" (Prysmian, People, Performance & Potential), aimed at the systematic identification and development of our management's potential, to ensure people's meritocratic growth and the Company's managerial sustainability.
These processes are part of Prysmian's broader talent management system, described in Section I of this Report (para. 3), which is a crucial element in supporting implementation of the corporate strategy.

Succession Plan 2020 Managers assessment	
May	Definition of the list of managers, role requirements and assessment criteria
June - july	Egon Zehnder interviews, internal calibration
August - September	Data analysis, discussions of results with management team and presentation to the Remuneration and Nomination Committee
October	Feedback meetings, Presentation of results to the Board of Directors

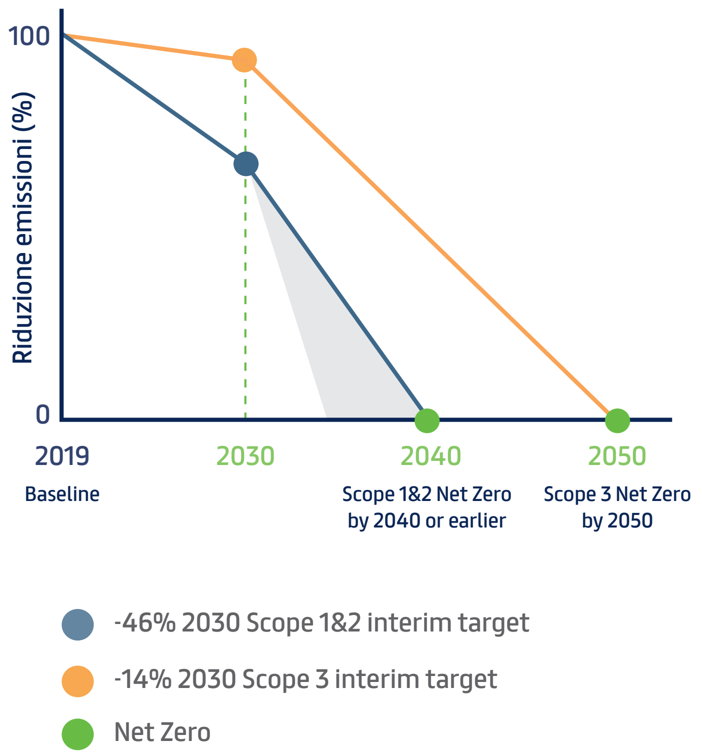
30 managers of the Group have been assessed using both Prysmian internal leadership competency framework and Egon Zehnder's "potential model" as independent benchmark

Our "Net Zero" climate ambition

Prysmian continues to invest in the issues linked to energy transition and digitalization, directing the development of products and technological innovation towards low-emission applications and a decarbonized economy.

Also in relation to its role as a leader and enabler of Energy Transition processes, Prysmian intends to play an important role in the challenge of **climate change**, and for this purpose it has joined the Science Based (SBTi) initiative, ensuring the interventions required to reduce emissions both within its own operations (Scope 1 and 2) and within the total value chain (Scope 3).

Prysmian decided to invest approximately €100 million over the next decade to achieve these goals.



Prysmian Group

E-MARKET SDIR CERTIFIED

SIDEBYSIDE

Creating opportunity through diversity

Prysmian has set itself the strategic objective of enhancing diversity and equal opportunities and, therefore, developing an increasingly more inclusive organization in the management of human resources. In 2016, Prysmian launched "Side by Side", a **Diversity & Inclusion (D&I) program**, now focused on diversity in terms of gender, age, culture and ethnicity as value creation drivers.
Three important policies supporting our D&I strategy have been recently finalized:

- the **Global Diversity Recruitment Policy**, which defines a set of guidelines for running recruitment processes according to a standardized methodology that ensures equal opportunities at every stage of selection, avoiding stereotypes linked to other diversities;
- the **Global Maternity Policy**, whereby we have defined a minimum 12-week maternity leave for all Prysmian women in all countries and invited our affiliated companies to formulate initiatives to support the return to work;
- the **Global Anti-Harassment Policy**, an important tool for creating an inclusive work environment, in which all employees feel understood and protected in their diversity.

In addition, an accelerated development plan has been specifically prepared for a group of high-potential female managers, to support their rapid rise to senior positions.

Accordingly, our remuneration policy aims to promote wage equality regardless of gender, age, nationality and context. As an example of how this principle is applied globally, we have recently extended female participation in our LTI Plan to around 20%, compared to a previous representation of less than 15%.

Our Gender Balance Targets by 2022

	% of women in the Total Workforce	% of white collar women hired	% of women in Junior Management positions	% of women in Middle Management positions	% of women in all Executive positions	% of women in Top Management positions	% of women in all Management positions	% of women in Management positions in Revenue-generating Functions
Data as of 2020	16,9%	34%	24,4%	22,3%	13,4%	2,4%	21,9%	15,4%
Target 2022	17-19%	40%	27-29%	25-27%	14-18%	10-12%	25-27%	17-19%

Key Actions

Workshops on Unconscious Bias

First Digital D&I Week in 2021

Diversity topics in all the Business School Programs

Support to caregivers and work-life balance initiatives

2. Pay for Sustainable Performance: variable remuneration for 2020

In line with the philosophy of sustainable value creation, Prysmian's approach to variable remuneration refers to a broad concept of performance, characterized by objectives and action plans aimed at generating solid economic-financial results together with positive impacts on the environment, people and communities where the Company operates.

ECONOMIC-FINANCIAL KPIs

Adj. EBITDA = 840 €M
in the high end of the post-Covid guidance issued on July 2020

Free Cash Flow = 487 €M
above maximum level defined in the pre-Covid guidance

TSR = 37,1%
high ranked vs peers and capital goods sector

ESG INDICATORS

MBO 2020 Plan

2020 results: positioning in Indexes			
Index	**Score**		
DJSI	87	▲	Improved from 84 point in 2019
CDP	B	=	Stable
Ecovadis	76 (platinum)	▲	Improved from 73 points (gold) in 2019

2020 results: progress vs internal targets				
KPI	**Target**	**Score**		
Frequency rate of injuries	1.28 / 1.23	1.25	▲	Improved vs 1.30 in 2019
% of production sites with ISO 14001 certification	85% / 87%	83%	=	Stable vs 2019 baseline (highly impacted by Covid prevention measures)
% of famale desk workers hires	33% / 35%	34%	▲	Improved vs 33% in 2019

2020-2022 LTI Plan

2020 results: progress vs internal targets				
KPI	**Target 2022**	**2020 results**		
% reduction of GHG emissions (Scope 1 and 2)	- 2% / -3%	-8%	▲	Reduction in energy consumption due to lower production caused by Covid-19; reduction of SF_6 emissions
% waste recycled	64% / 66%	69%	▲	Improved vs 63% baseline in 2019
% of women Executive	14% / 18%	13%	▲	Improved vs 12% baseline in 2019
Leadership Impact Index	59% / 65%	57%	=	Result as of 2019, awaiting new survey cycle

MBO 2020 Plan

During 2020, the Remuneration and Nomination Committee continuously monitored the impacts of the pandemic, company performance and management's ability to react to the volatility and uncertainty associated with the Covid-19 crisis.

Despite the severely penalizing context of the pandemic, economic-financial performance in 2020 proved to be very solid, with:

- an Adjusted EBITDA at €840 million, in line with the high end of the post-Covid guidance published in July 2020 (€800 million – €850 million);
- a considerable cash generation (€487 million), actually greater than the maximum defined in the original pre-Covid guidance;
- rigorous cost management, exceeding the reduction targets defined in the pre-Covid guidance;
- important value creation for shareholders represented by a TSR at 37.1% (including a dividend of €0.25) which, up from 2019, is at the high end of the ranking compared to the peers and the broader capital goods sector.

The ESG indicators included in the 2020 MBO Plan and in the 2020-2022 LTI Plan have progressed in an overall positive way, both in terms of internal indicators and positioning within the sustainability indexes.

Furthermore, in a 2020 severely impacted by the Covid-19 crisis, Prysmian's commitment to its employees took concrete shape in numerous efforts aimed at protecting people's health and safety.
In particular:

- No dismissal of permanent staff / company restructuring
- Temporary use of social safety nets
- Wide use of flexible working tools / maternity policies
- Block on business travel since February 2020
- Massive use of remote working for about 8,000 of the Group's employees - upgrade of technological platforms and devices used
- Serological tests, swabs and personal protective equipment free for all employees
- Influenza vaccination campaigns for employees and their families
- Mental health assistance
- 500 e-bikes purchased for staff in the Milan office

Finally, particular attention has been paid to the digitalization of training processes, in order to support and reinforce people's level of engagement.

The negative impact of Covid-19 has been measured since March 2020 based on rigorous criteria — detailed in Section II, para. 3 of this Report — and estimated to be about -€155 million on the overall result for 2020, in terms of loss of business and operating inefficiencies due to unused plant capacity.
Considering the overall performance and positive work of management, the Board of Directors, on the proposal of the Remuneration and Nomination Committee, decided to approve the payment of a variable incentive under the 2020 MBO Plan.
In taking this decision, the Board of Directors confirmed the MBO Plan's performance targets defined at the beginning of 2020, acting within the scope of the discretion allowed by the exceptions provided by the Remuneration Policy (chapter 10 of Section I of the Remuneration Policy for 2020).

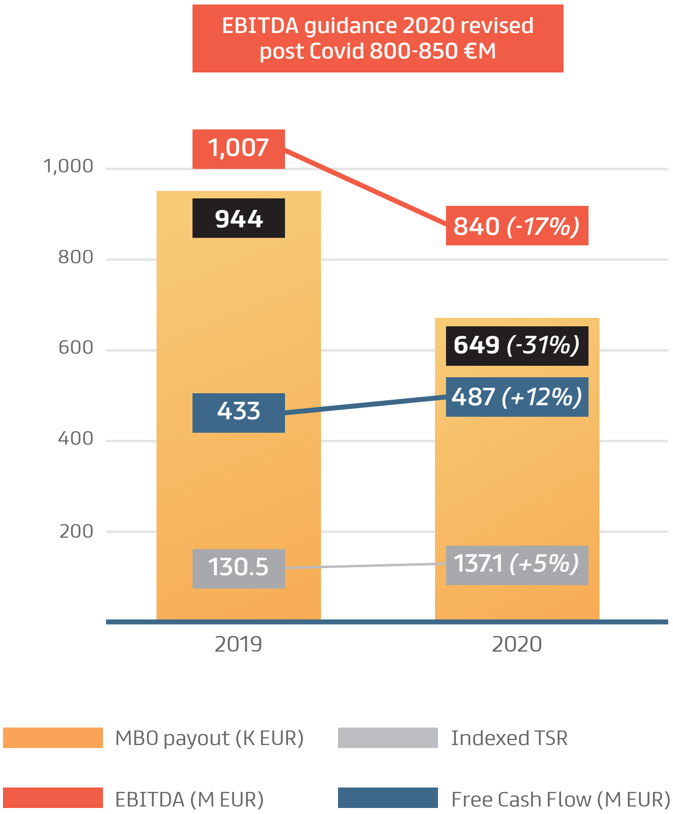
In particular, the Board of Directors:

- took account of the estimated impact of Covid-19 (-€155 million) to allow access to the payment of a variable remuneration under the 2020 MBO Plan, even when the minimum threshold for accessing the system (Adjusted EBITDA ≥ €925 million) has not been reached;
- did not consider any adjustments related to the impact of Covid-19 on the Group's final Adjusted EBITDA objective included in the individual performance scorecards;
- considered the different individual contributions adopting a meritocratic approach and evaluating the performance actually achieved, and selectively applied a corrective factor to reduce the amounts payable, which was overall more penalizing for the top management, compared to the rest of the workforce.

Further details on the approach described are provided in Section II, para. 1-3, of this Report.

The approach applied results in a significant reduction in the amount of the 2020 annual incentive, including the deferred share component, paid to the Chief Executive Officer (-31%) and to the other Managers with Strategic Responsibilities compared to the amount paid with reference to 2019, in line with our pay for performance approach.

CEO MBO payout vs company results



50% of the amount assigned to the Chief Executive Officer and the other Managers with Strategic Responsibilities as part of the 2020 MBO Plan will be deferred at the end of the vesting period relating to the 2020-2022 LTI Plan and paid in the form of Company shares.
Moreover, it should be noted that, as already disclosed to the market, the Chief Executive Officer and the Group's top managers voluntarily invested 50% of the amount assigned as part of the 2019 MBO Plan in Company shares, with a 3-year lock up period.

Finally, the approach chosen to manage the 2020 variable remuneration also establishes a consistent link between the treatment of management and that reserved for shareholders, by virtue of the return to a full dividend policy which, with reference to 2020, provides for a dividend payment of €0.50.

2020-2022 LTI Plan

In line with the approach adopted for the 2020 MBO Plan, as well as the information already declared during the 2020-2022 LTI Plan's approval stage in the documents submitted for the attention of the Shareholders' Meeting on April 28, 2020, the Board of Directors, on the proposal of the Remuneration and Nomination Committee, confirmed in full the performance objectives specified in the LTI Plan, choosing not to make any restatement of the target levels defined and communicated to the market.

With a view to supporting management's engagement and motivation in achieving the Company's long-term strategic goals, the Board of Directors, on the proposal of the Remuneration and Nomination Committee, also decided to take the Covid-19 effect into account with reference to 2020 (estimated to be -€155 million) for purposes of assessing the 3-year cumulative objective for Adjusted EBITDA.

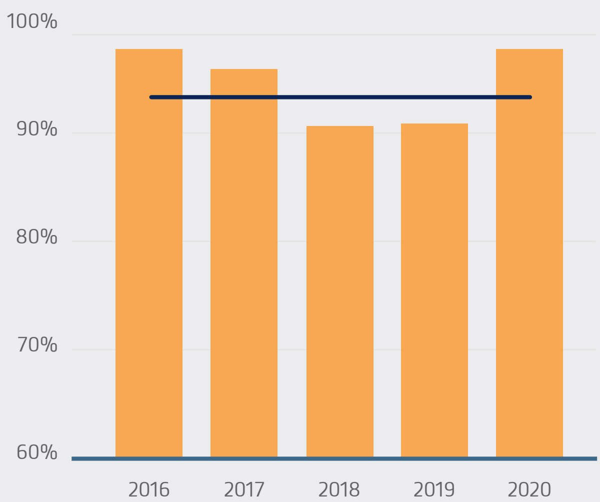
The Board of Directors and the Remuneration and Nomination Committee, to an extent consistent with the ex-ante provisions on the matter (see para. 6.3.2 of this Report), do however reserve the right to assess at their own discretion the extraordinary impacts connected with the pandemic only at the end of the 3-year performance period, jointly with an examination of the results for the other objectives specified in the LTI Plan and taking account of the overall reference context.

Transparency and long-term engagement

Prysmian Group is a public company that deems utmost transparency to be essential in supporting a full alignment with the interests of all its stakeholders.
For this reason, the Group fosters an open dialogue with its shareholders, employees, customers, suppliers, institutions and, more in general, the communities in which it operates.

The remuneration policy has been historically **supported by a large favorable vote** of shareholders, **>95%**

Prysmian Group takes into consideration a negative vote expressed by the shareholders. In particular, with the 2020 Remuneration Policy, it acted on the feedback received from some shareholders in relation to the greater weight to be reserved for non-financial performance indicators relating to sustainability. Said approach has been further reinforced with the policy submitted to the Shareholders' Meeting in 2021.



CEO pay ratio

With a view to transparency, and as a result of the approach adopted regarding variable remuneration and the pay dynamic applied during 2020, marked by very limited and selective merit pay increases, the ratio is reported between fixed and total remuneration (fixed remuneration plus annual variable remuneration) received in 2020 by the CEO compared to the average remuneration of our worldwide employees overall.

	Fixed remuneration paid in 2020	Fixed and variable remuneration paid in 2020
CEO	€ 1,100,000	€ 1,749,000
Average Group Employees	€ 35,576	€ 37,331
Ratio 2020	**31:1**	**47:1**
Ratio 2019	*32:1*	*55:1*

3. Remuneration Policy for the 2021-2022 period

Summary table

In order to allow an immediate and exhaustive understanding, the main elements and features of the remuneration packages of the Chief Executive Officer, the Executive Directors and Managers with Strategic Responsibilities (MSR) of Prysmian Group are summarized in the following table.

Element	Purpose	Main characteristics	Amounts
Fixed pay	It rewards the role held in order to ensure an adequate and competitive fixed remuneration	It is defined in line with the **complexity and responsibilities of the role** It is set based on **internal fairness**, so as to guarantee a proper amount with respect to comparable positions, and the external market, so as to support an appropriate level of **competitiveness** It takes into account the **individual performance** monitored over a long-term period	**CEO:** 1,100,000€ **Executive Directors** **CFO:** 590,000€ **COO:** 950,000€ **MSR:** defined on the basis of the role held
Short-term variable remuneration (2021 MBO Plan)	It rewards the annual performance on the basis of objective and measurable indicators	It is linked to pre-set annual performance objectives **Key performance indicators:** • Income - Adjusted EBITDA • Financial - Net Financial Position • Cost management - Fixed costs • ESG - safety on the workplace, environmental impact of production sites, gender diversity among employees **Incentive Cap** - envisaged for all participants **Individual performance ("P3")** - assessment of the quality of the leadership and of the individual contribution to the achievement of objectives; it acts as multiplier of the vested amount (+/- 15%; not applied to the CEO) **Deferral** - 50% of the vested amount is deferred and paid as Deferred Share and Matching Share as part of the 2020-2022 LTI Plan	**CEO:** 67-100% of fixed pay (tgt-max) **COO:** 50-100% of fixed pay (tgt-max), excluding multiplier for individual performance **Executive Directors/ MSR:** 50-75% of fixed pay (tgt-max), excluding multiplier for individual performance
Long-term variable remuneration (2020-2022 LTI Plan)	It rewards the medium-term performance on the basis of 3-year objectives It fosters the alignment of interests towards sustainable value creation in the mid to long-term, reinforcing the retention of key resources	**LTI Plan consists of two elements:** **1. Performance Shares** **2. Deferred Shares** combined with **Matching Shares** **Maximum number of shares to be allocated** - maximum number of shares that can be allocated for each participant and to the entire Plan **1. Performance Shares** Free shares granted subject to achieving performance conditions **Vesting** – 3 years (2020-2022) **Performance conditions** • Cumulated Adjusted EBITDA (30%) Cumulated Free Cash Flow (30%) • Prysmian's relative Total Shareholder Return (rTSR) compared to comparison panel (20%) • ESG, measured by a set of KPIs (20%)	**CEO:** 300-450% of fixed pay over 3 years (tgt-max) **Executive Directors/ MSR:** 200-300% of fixed pay over 3 years (tgt-max) **Deferred share** **CEO/ Executive Directors/MSR:** 50% of annual vested incentive is deferred in shares

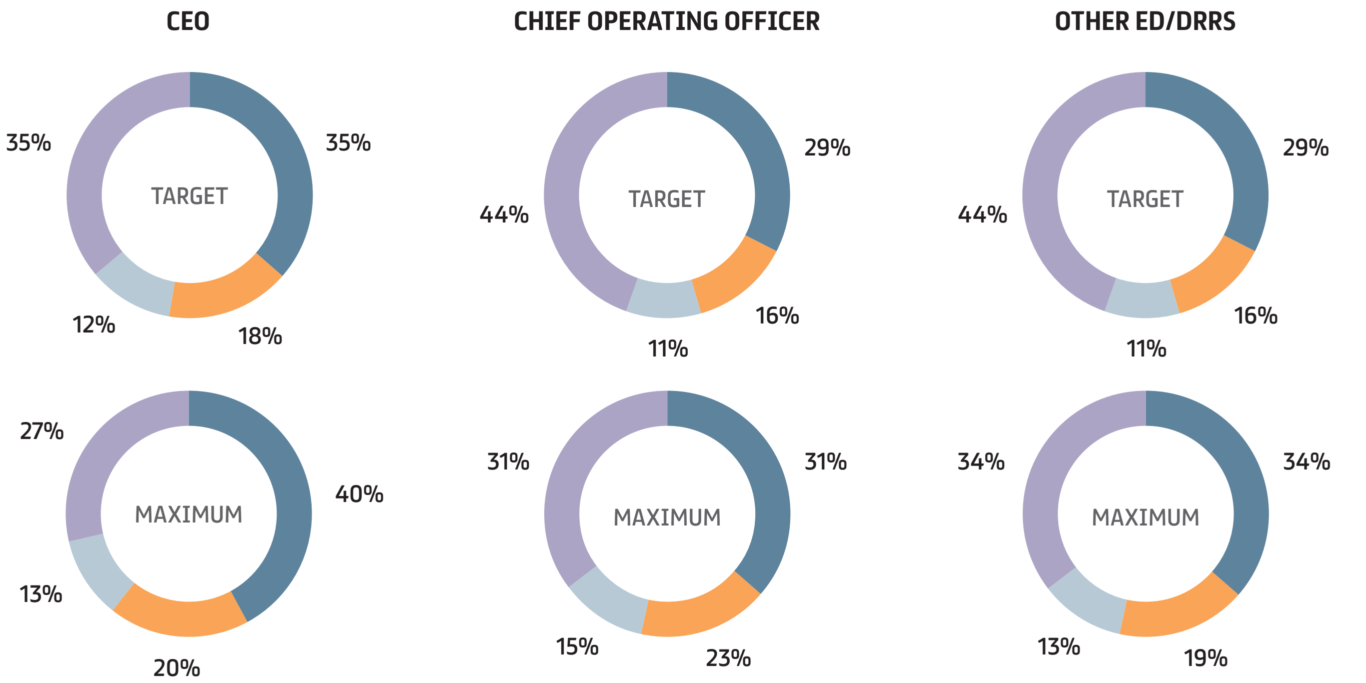
Element	Purpose	Main characteristics	Amounts
Long-term variable remuneration (2020-2022 LTI Plan)	It rewards the medium-term performance on the basis of 3-year objectives It fosters the alignment of interests towards sustainable value creation in the mid to long-term, reinforcing the retention of key resources	**Lock-up** - 2-year period for a portion of the shares granted as Performance Shares **2. Deferred Shares and Matching Shares** **2.1 Deferred Share** Free shares — granted on a deferred basis — equal to 50% of annual amount vested as part of the 2020, 2021 and 2022 MBO Plans **2.2 Matching Shares** 0.5 free share for each Deferred Share granted. For the CEO and top managers, the Matching Shares are subject to the achievement of the ESG performance condition	**CEO:** 300-450% of fixed pay over 3 years (tgt-max) **Executive Directors/ MSR:** 200-300% of fixed pay over 3 years (tgt-max) **Deferred share** **CEO/ Executive Directors/MSR:** 50% of annual vested incentive is deferred in shares
End of service or termination indemnity	It supports the recruitment and retention of key resources	Severance for the end of the office term or termination of employment relationship under specific individual agreements Not higher than 24 months' fixed pay, in compliance with local laws and contracts	**CEO:** 24 months' fixed pay **Executive Directors/MSR:** If envisaged, max 24 months' fixed pay
Non-competition agreements	They protect the company's interests following the exit of key resources	Specific individual agreements in relation to the duration and extent of the limitation	**CEO:** validity 3 years; remuneration 40% of gross pay per year of duration of the agreement **Executive Directors/MSR:** If envisaged, of variable duration based on the regulatory framework and with maximum remuneration equal to a percentage of fixed pay per year of validity of the agreement
Benefits	They supplement social security and contractual benefits in a total reward perspective	Social security and medical benefits; company car	
Share Ownership Guidelines	They help to align in the long term the interests of key resources and those of shareholders	Over the entire term of office, it is necessary to meet a minimum requirement of ownership of Prysmian shares	**CEO:** 3x the fixed remuneration **Executive Directors/ MSR:** 1.5x the fixed remuneration

CEO / COO / MSR PAY MIX

The remuneration package[8] of the Executive Directors and other Managers with Strategic Responsibilities is composed as follows:

- a significant portion is linked to the achievement of preset results (pay for performance);
- a significant portion of the variable component is deferred over time;
- variable remuneration is largely paid in shares, with a portion of the award subject to lock-up restrictions.

- Base salary
- MBO - monetary component
- Deferred + Matching Share
- Performance Share



65% of the **CEO** 's total remuneration is **variable upon results**

Over **50%** of the **CEO** 's total remuneration is **paid in shares in the medium-long term** (3-5 years), consistently with the economic and financial sustainability of the performance achieved

NOTE:

8 - For pay mix analyses, the Performance Share and Deferred/Matching Share components, both of which are paid in shares, are calculated based on the face value at the date of assignment of such rights. The pay mix is calculated on an annualized basis. Any other forms of remuneration (e.g., benefits, non-competition agreements) described in Section II of this Report are not considered in the pay mix analysis, as well as the multiplier/de-multiplier of the annual incentive connected with the assessment of individual performance ("P3" process).

Annual variable remuneration 2021 (ex-ante disclosure)

The Group MBO Plan, extended to approximately 800 managers and key resources at a global level, is made up of four types of objectives connected to generating income and cash, managing costs and efficiencies and delivering on ESG indicators.

2021 Guidance and MBO Plan access condition

The 2021 MBO Plan foresees an access condition structured in consistency with the 2020 guidance and applied to all participants. In case the threshold level is not reached, the system is not activated and no incentive is paid.

Guidance 2021 (€M)

Adj. EBITDA: 870 – 940

FCF: 300 (-20% / +20%)

Threshold 870 €M	Target 890 €M	Max 940 €M
-50% of levelof achievement	100%	150%
Linear reduction between Threshold and Target levels		No reduction if target level is met

The objectives of the Chief Executive Officer, Executive Directors and other MSR are articulated upon a common base scheme for all positions and on specific objectives related to the business area managed as represented by the following schemes:

SCORECARD MBO PLAN FOR CEO, COO AND CFO

ACCESS CONDITION (ON/OFF)	THRESHOLD	
GROUP ADJUSTED EBITDA	TARGET	
OBJECTIVE	Weight target	Weight max
1_ Group Adjusted EBITDA	35	52,5
2_Group Net Financial Debt	25	37,5
3_Fixed Costs	20	30
4_ESG	20	30
	100	150

SCORECARD MBO PLAN FOR OTHER MSR

ACCESS CONDITION (ON/OFF)	THRESHOLD	
GROUP ADJUSTED EBITDA	TARGET	
OBJECTIVES	Weight target	Weight max
1_ Adjusted EBITDA (Group/BU/Region)	35	52,5
2_Net Financial Debt (Group/BU/Region)	25	37,5
3_ Fixed costs (Group/BU/Region) or other function/role specific objective	20	30
4_ESG	20	30
	100	150

E-MARKET SDIR CERTIFIED

There is a maximum level (cap) for the incentive payable upon achievement of the maximum score of 150 points, equal to 100% of the fixed remuneration for the CEO and the COO and to 75% of the fixed remuneration for the other Executive Directors and MSR.
The incentive payable at the achievement of 100 points is 67% of fixed remuneration for the Chief Executive Officer and to 50% for the other Executive Directors and MSR.
If the final score obtained is less than 50 points, the incentive disbursed will be zero. Should the final score obtained be between 50 and 150, the final incentive value will be calculated in a linearly proportional manner.
The incentive accrued based on such objectives can be multiplied/de-multiplied in relation to the assessment of the individual performance (+/-15%) as part of the "P3" performance management annual process (see para. 3 of Section I of this Report).

ESG indicators in the 2021 MBO Plan

A portion of the annual incentive is linked to the achievement of an ESG objective that is common to all Group management. The ESG objective is measured through both internal performance indicators and Prysmian's positioning in two sustainability indices. The 2021 MBO Plan enhances the ESG target with the introduction of two further indicators focused on a reduction in CO_2 emissions and improving gender balance within the management. The assessment of the performance achieved is carried out by the Remuneration and Nomination Committee, with the prior favorable opinion of the Sustainability Committee.

KPI	Target Range	Weight
Frequency rate of injuries	1.22 - 1.19	30%
% women hired - Desk workers	35% - 38%	15%
% women hired - Management	35% - 38%	15%
Investment plan for CO_2 emission reduction (GHG Scope 1 and 2)	8€M - 10€M with qualitative assessment on plan's deployment	20%
Positioning in sustainability indexes (CDP and DJSI)	Assessment based on result achieved and comparison vs 2020	20%

The assessment of the performance level achieved in relation to the ESG objective provides for a weighting of the positioning with respect to the external indices and progress made with reference to the internal indicators.

Any fatal accidents that occur when performing professional duties will be subject to a special in-depth investigation and evaluation by the Remuneration and Nomination Committee and may result in cancellation of the overall incentive portion connected with the ESG objective.

SECTION I

1. Governance

The Remuneration Policy is the result of a clear and structured process that, consistent with the regulatory directions and guidelines of the Corporate Governance Code, proactively involves the following corporate bodies and functions: the General Shareholders' Meeting (hereinafter the "GSM"), the Board of Directors (hereinafter the "Board"), the Remuneration and Nomination Committee (hereinafter the "Committee") and the Human Resources and Organization Department. Said functions are also involved in any revision of the Remuneration Policy.

The Committee, based on its powers, submits proposals to the Board on the structure and content of the Remuneration Policy and — together with the entire Board — monitors the proper implementation of the Remuneration Policy with the support of the relevant corporate functions.

Once the Board of Directors has examined and approved the Remuneration Policy, it is submitted, starting in 2020 and limited to the content of Section I of this Report, to the binding vote of the Shareholders Meeting. Following the introduction of the provisions contained in the Shareholder Rights Directive II, the Shareholders' Meeting is called to express its advisory vote also on Section II in relation to the remuneration paid in the previous year.

For the purposes of the definition and revision of the Remuneration Policy, customary procedures and market remuneration levels, experience from the application of Group's Remuneration Policy in previous years, regulatory provisions and Consob indications and, in general, regulatory framework and recommendations on remuneration set forth in the Corporate Governance Code in force from time to time are constantly analyzed, monitored and evaluated.
When performing its duties, the Committee ensures suitable functional and operational links with the competent corporate structures.

In order to avoid conflicts of interest and in accordance with the provisions of Recommendation 26 of the Corporate Governance Code, no Directors take part in Committee meetings where proposals relating to their own remuneration are formulated. Furthermore, for the same purpose, members of the Board of Statutory Auditors are regularly invited to attend Committee meetings.

1.1. Remuneration and Nomination Committee

The Committee, exclusively made up of Independent Directors, plays a key role in supporting the Board of Directors in its supervision of the Remuneration Policy and in designing short and long-term incentive plans, as well as employee shareholding plans.
The Committee has, in fact, the role of providing advice and making proposals to the Board of Directors with reference to establishing the remuneration of the Group's Executive Directors and with particular functions and Managers with Strategic Responsibilities (hereafter the "MSR"), the appointment/substitution of Independent Directors, as well as the size and composition of the Board.

The main responsibilities of the Committee are:

- to assess and formulate any proposals to the Board of Directors with regard to the remuneration for the Executive Directors and Directors with special functions, the Managers with Strategic Responsibilities, the Audit & Compliance Senior Vice President and the wider group of managers;

- to periodically oversee the actual implementation of the proposals made and approved by the Board of Directors concerning the remuneration of Executive Directors and Directors with special functions, Managers with Strategic Responsibilities and the Audit & Compliance Senior Vice President;

- to verify the actual achievement of the performance objectives related to the incentive systems for the Executive Directors and Directors with special functions, Managers with Strategic Responsibilities and the Audit & Compliance Senior Vice President;

- to 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 to and promote retention of the management and employees of Group companies;

- to carry out preliminary investigations for the preparation of succession plans for Executive Directors and the Group's top management, if the Board of Directors resolves to adopt them.

For a complete description of the Committee's duties regarding the nomination of Directors, reference should be made to the "Remuneration and Nomination Committee" section of the website www.prysmiangroup.com.

Composition

The Committee is composed by three Non-Executive and Independent Directors in compliance with TUF: Paolo Amato (Chairman), Maria Elena Cappello and Claudio De Conto. All the members of the Committee have long and consolidated experience and specific expertise in the economic and financial field.

Activities

During 2020, the Committee met 15 times and all members took part in all meetings. In accordance with Recommendation 26 of the Corporate Governance Code, no Director took part in meetings of the Committee during which proposals relating to their own remuneration were formulated.

The Group Human Resources and Organization Director took part in all meetings, acting as Secretary of the Committee. The Board of Statutory Auditors, invited to the meetings of the Committee, attended all meetings held.

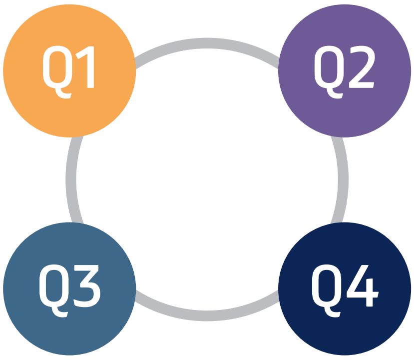
The work undertaken by the Committee, supported by the Group's Human Resources and Organization Department, concerned in particular:

- the proposals to the Board on the fixed and variable remuneration measures for some of the Executive Directors and Managers with Strategic Responsibilities;
- the examination and expression of a favorable opinion on the adoption of Prysmian Group's Remuneration Policy, which the Company included in its Remuneration Report, submitted to the Board and the Shareholders' Meeting for approval;
- the examination of the information relating to sustainability, included in the Consolidated Disclosure of Non-Financial Information of Prysmian Group, expressing a positive assessment of the subject with no additional remarks;
- the assessment of the achievement of the period objectives set out in the existing variable incentive plans, defining the structure and performance objectives related to the annual and long-term incentive plans;
- the analysis of the results of the Shareholders' Meeting consultation on Remuneration Policy;
- the monitoring of the implementation of the stock ownership plan to purchase shares at favorable conditions (YES Plan) approved by the Shareholders' Meeting in 2016, and the results achieved by this plan;
- the analysis of the main implications on remuneration matters following the introduction of the Shareholder Rights Directive II;
- the review of best market practices, together with proxy advisor and investor remuneration guidelines;
- the submission of a proposal to the Board regarding the allocation of the overall remuneration awarded to Directors by the Shareholders' Meeting;
- the selection of the advisor to be entrusted with the task of self-assessment of the Board;
- supervision and collaboration with the advisor who supports the implementation and updating of the Group's succession plan;
- monitoring and supervision of the selection activities, conducted through an independent advisor, for the candidates to be included on the list submitted by the outgoing Board for the appointment of the new administrative body.

During the first months of 2021, the Committee has:

- proposed to the Board regarding a different allocation for 2020 of the overall remuneration awarded to Directors by the Shareholders' Meeting, given the establishment of the new Sustainability Committee;
- verified the impact of Covid-19 on the Group's results and assessed the consequences of this impact on the short and long-term incentive systems, formulating a final proposal on the 2020 MBO Plan for the Board;
- defined guidelines and targets for the 2021 MBO Plan;
- verified the adequacy of remuneration levels for the Group Chief Executive Officer, Executive Directors and MSR and formulated proposals in this regard;
- set the guidelines aimed at updating the Group's Remuneration Policy for the years 2021-2022;
- proposed that the Board extend the stock ownership plan to purchase shares at favorable conditions (YES Plan) for a further 3-year cycle, to be submitted to the Shareholders' Meeting for approval;
- instigated the internal process for issuing an opinion on the transformation of the relationship with Valerio Battista, as communicated to the market on February 3, 2021;
- analyzed and evaluated the two-year action plan, relating to the gender balance objectives within the Group;
- supported the engagement activities with shareholders and proxy advisors.

Activities



Q1 (JANUARY - MARCH)

- analysis of remuneration levels for Executive Directors and MSR, and related proposals
- Remuneration Policy
- Non-Financial Statement
- 2019 MBO final balance
- MBO 2020 opening
- LTI 2020-2022 structure
- Board fees 2020

Q2 (APRIL - JUNE)

- presentation of the Remuneration Policy to the Shareholders' Meeting
- analysis of the shareholders' vote results
- implementation of the LTI Plan 2020-2022
- self-assessment of the Board of Directors

Q3 (JULY - SEPTEMBER)

- YES plan monitoring
- supervision and updateof the group succession plan

Q4 (OCTOBER - DECEMBER)

- market best practice analysis and guidelines proxy advisors and investors on remuneration matters
- selection of Non Executive Directors candidates

1.2. Relationship with shareholders

In line with the details set out in the "Policy for managing the dialogue with shareholders and other interested parties", Prysmian promotes dialogue with its shareholders in order to ensure adequate disclosure, acquire opinions and proposals, as well as, in general, maintain a suitable channel of communication on remuneration issues, also outside shareholders' meetings. In particular, following feedback received from a number of shareholders, provision was made for further attention to be paid to the ESG indicators and the significance of any fatal accidents occurring in the performance of professional duties, that may lead the Committee to decide to cancel the amount connected with this indicator under the incentive system; furthermore, in such an event, the Committee has the right — based on an examination, as broad and as detailed as possible, of the circumstances in which the accidents occurred — to organize a structural review of the existing incentive systems in the medium/long-term.

More detailed information on the "Policy for managing the dialogue with shareholders and other interested parties" is available on the corporate website www.prysmiangroup.com.

1.3. Approval of the Remuneration Policy and main changes

This Remuneration Policy is essentially a continuation of the Policy submitted for the binding vote of the Shareholders' Meeting on 28 April 2020, expanded with a view to greater transparency and compliance with the most recently adopted legislation, introduced with Consob resolution No. 21623 of December 10, 2020, designed to bring the secondary regulation in line with the provisions of the Shareholder Rights Directive II. The annual and medium- and long-term incentive systems maintain the same structure as the policy relating to 2020, as is the case for the prevalence of the equity component in determining the Group's remuneration offer, aimed at supporting, in a sustainable perspective, the creation of value in the medium-long term and the alignment of interests between the Company's management and all the stakeholders.

The continuity — in terms of principles, remuneration elements and incentive mechanisms — of the new policy compared to the policy approved in 2020 reflects the broad consensus demonstrated by the shareholders' vote during the previous Meeting: the changes introduced with the policy submitted to the 2021 Shareholders' Meeting take into consideration, amongst other things, the renewal of the Board of Directors, the Company's evolving organizational structure, as well as, as already indicated, the new regulatory context.

In particular, the Company provided for the following main changes compared to the Remuneration Policy approved on April 28, 2020:

- inclusion in the policy of the disclosure elements set forth by the changed regulatory context, in particular with regard to the content described in paragraphs 3, 8.4 and 11;
- proposal to review the remuneration to be assigned to Non-Executive Directors (para. 5);
- change of the weight of the ESG KPI within the MBO Plan (para. 7.2.1);
- revision of the exceptions to the policy, also consistently with the multi-year term of the latter (para. 11).

The Remuneration Policy forms part of the broader context of the Human Resources management strategy of Prysmian, whose commitment is focused, amongst other things, on ambitious improvement targets in terms of diversity and inclusion (D&I) and numerous initiatives aimed at people's protection, health and safety, particularly relevant in a period marked by the Covid-19 crisis.

Ensuring a safe working environment for all Group employees, and providing them with an appropriate level of remuneration for the duties performed: this constitutes the fundamental prerequisite for determining the remuneration policies, and represents a key element for the long-term commitment that the Company makes to its employees, in light of the values — DRIVE, TRUST and SIMPLICITY — that distinguish the corporate identity.

2. Purposes, principles and beneficiaries of the Remuneration Policy

The Remuneration Policy adopted by Prysmian Group aims to attract and retain talented people with the skills necessary to achieve the Company's objectives and to motivate the management to pursue sustainable performance over time, in compliance with the Company's values and culture, with a tangible and verifiable link between variable pay, on the one hand, and performance, both individual and of the Group, on the other. The Remuneration Policy is inspired by the principles reported below.

Sharing success based on merit

In line with investors' expectations, management remuneration is made up to a significant extent of remuneration subject to performance conditions and it is paid largely in shares. Prysmian Group's incentive systems are developed over a multi-year period consistent with the risk profile of the Group, so that the focus of the management is aimed at increasing the Group's sustainable value creation in the long term in line with the expectations of the shareholders and all stakeholders.

Competitiveness

Remuneration levels are set to attract and retain the key resources of the organization. In particular, the same are defined on the basis of market practices in relation to similar roles, competence and solidity of performance over time.

Fairness

Remuneration systems are not influenced by gender, age, ethnicity, or cultural background. Prysmian Group value the diversity of its people and support inclusion by avoiding pay differentials related to any form of discrimination. The Group believes that involving people in the Company's success is the best way to motivate them to work better, and it does so through equity-based incentive plans.

Transparency

Prysmian Group has a clear and efficient governance system and offers utmost transparent disclosure on remuneration to all its stakeholders.

2.1. Recipients

The Remuneration Policy is implemented for members of the Board of Directors, Statutory Auditors and Managers with Strategic Responsibilities of Prysmian Group. In addition to Executive Directors, the Company has identified three Managers with Strategic Responsibilities, covering the following positions:

- Senior Vice President Energy Division, Francesco Fanciulli;
- Senior Vice President Projects Division, Hakan Ozmen;
- Senior Vice President Telecom Division, Philippe Vanhille.

3. Connection with the strategy

The Company's Remuneration Policy, particularly in regard to the variable components, is highly geared towards ensuring alignment with the corporate strategy, as well as long-term sustainable development.

In fact, applying the pay for performance principle, the remuneration packages of the policy recipients are structured in such a way as to make the variable component prevalent, linked to the achievement of objectives defined ex-ante, with respect to the fixed component, albeit within the framework of a well-balanced pay mix.

The variable remuneration is paid primarily in shares, according to medium/long-term timescales (3-5 years), in line with a concept of sustainability of the performance achieved.

The connection with the corporate strategy is reinforced by a highly-integrated talent management system. In fact, all employees (desk workers) take part in an annual performance appraisal process ("P3" – Prysmian, People & Performance), based on individual objectives defined both in terms of business results and behavioral characteristics consistent with our leadership model. People with a positive performance over a long-term period join a pool of corporate talent and take part in a process that assesses potential ("P4" – Prysmian, People, Performance & Potential). The "P4" process systematically identifies high-potential resources, to support people's meritocratic growth and ensure the Company's management sustainability.
The outcomes of the "P4" process also feed the pipeline of talent included in the Group's succession plan, designed to proactively handle managerial continuity in senior positions and foster long-term generational exchange.

Our people's performance also guides eligibility both for management training courses at our Business School, in partnership with the best international Universities, and with reference to technical training courses to develop special functional skills. Individual performance and potential are linked to the remuneration systems in various forms and in particular: as conditions for accessing increases in fixed remuneration, as multipliers/de-multipliers for annual variable remuneration (outcome of the "P3" process: +/-15% for top managers; +/-10% for other employees), as well as aspects considered for selecting participants in the LTI Plans.

4. Independent experts and market benchmarks

As part of its consultative and proactive activity, the Committee uses the services of independent experts to obtain a multiplicity of market analyses on various matters of interest. In particular, regarding the remuneration benchmarks, the independent external advisor Korn Ferry has provided information on market trends, practices and remuneration levels in order to monitor the adequacy of top managers' remuneration.
The comparison with the market plays a key role in the process of establishing the remuneration policy: the market competitiveness of remuneration is evaluated with the support of a job evaluation methodology, enabling consistent comparisons and ensuring competitive alignment with the external market. For top management positions, the reference market consists of a panel of around 250 listed European companies included in the FT Europe 500 as some of the most important companies in terms of capitalization in Europe.

Prysmian Group has also identified a second, smaller panel of companies (peer group) similar to Prysmian in terms of size and business sectors (Electrical Components & Equipment, Heavy Electrical Equipment, Building Products, Aerospace & Defense), which is a further point of reference in defining the remuneration policies. This peer group consists of the following companies:

- Assa Abloy
- Dassault Aviation
- Siemens Gamesa
- Legrand
- Leonardo
- MTU Aero Engines
- Nexans
- Osram Licht
- Signify
- Saab
- Safran
- Thales
- Vestas Wind Systems

5. Remuneration of the Chairperson and Non-Executive Directors

Article 14 of the Company's Articles of Association states that the Shareholders' Meeting determines Directors' remuneration pursuant to Article 2389, first paragraph, of the Italian Civil Code and that the latter may also determine an overall amount for the remuneration payable to the Directors, including those vested with particular responsibilities pursuant to the last paragraph of the aforementioned article.
Furthermore, again pursuant to the Articles of Association, the Board, following an examination of the Committee's proposals and consultation with the Board of Statutory Auditors, has sole responsibility for determining the remuneration of the Executive Directors pursuant to Article 2389, paragraph 3, of the Italian Civil Code as well as the subdivision of the overall compensation due to individual members of the Board and the Board Committees, if the Shareholders' Meeting has not made such provision.
In compliance with applicable laws and Prysmian's Articles of Association, the remuneration of the Chairperson of the Board of Directors and the Non-Executive Directors was determined by the Shareholders' Meeting on April 12, 2018, awarding the Non-Executive Directors and Chairperson of the Board of Directors a total remuneration for each year they remain in office, with the right of the Board to apportion this amount internally.
It should be noted that the current apportionment of the total emoluments for the Non-Executive Directors and for the Chairperson of the Board of Directors will continue to apply until approval of the financial statements at December 31, 2020: the Shareholders' Meeting that will renew the Board on that date will be asked to resolve on the compensation to be awarded to the Board, as well as on the proposal to distribute that amount amongst the Board members formulated by the Board itself, also using the results of special benchmarking activities carried out by independent experts with reference both to the Italian and European markets). In particular, the proposal that will be submitted to the Shareholders' Meeting on April 28, 2021 establishes the following apportionment criterion, assuming that the new Board of Directors is composed of twelve Directors, nine of whom are Non-Executive and possess the independence requisites provided for by the TUF (Consolidated Law on Financial Intermediation), and that the three internal committees currently established are confirmed, each of which consisting of three Non-Executive and Independent Directors:

EURO **130,000** to the Chairperson of the Board of Directors

EURO **65,000** to each of the Non-Executive Independent Directors pursuant to the TUF

EURO **35,000** to each member of the Board Committees

Market benchmark - FTSE MIB Companies

Role / Fee type	Median	Upper Quartile
Non-Executive Chairperson - Basic fee	€ 460,000	€ 570,000
Non-Executive Director - Basic fee	€ 60,000	€ 80,000
Nomination Committee		
Additional fee - Chairperson	€ 25,000	€ 42,500
Additional fee - Member	€ 20,000	€ 28,742
Remuneration Committee		
Additional fee - Chairperson	€ 25,000	€ 40,000
Additional fee - Member	€ 20,000	€ 29,742
Control & Risks Committee		
Additional fee - Chairperson	€ 37,272	€ 60,000
Additional fee - Member	€ 20,000	€ 30,000

Source: Mercer – Study on Board of Directors remuneration of FTSE MIB Companies - 2020 Edition

The 2021 remuneration policy guidelines will, therefore, be applied by the new Board of Directors, which will be responsible, based on the special proposal approved by the Shareholders' Meeting, for specifically determining the remuneration of the Chairperson, Non-Executive Directors and compensation for attending internal committees, in implementation of the applicable legislative and statutory provisions and in compliance with resolutions taken by the Shareholders' Meeting on April 28, 2021.

6. Remuneration of Statutory Auditors

Pursuant to Article 2402 of the Italian Civil Code, the remuneration of the Statutory Auditors is determined by the Shareholders' Meeting at the time of appointment and for the entire term of office.
The Board of Statutory Auditors in office on the date of this Report was appointed by the Shareholders' Meeting on June 5, 2019 for a 3-year period. On that date the Shareholders' Meeting established the gross annual compensation for the Chairperson of the Board of Statutory Auditors at €75,000 and at €50,000 for each of the Standing Auditors. This compensation was determined in an appropriate manner in respect of the competence, professionalism and commitment required by the importance of the role covered and the Company's other size- and sector-related characteristics. The remuneration of all members of the control body is therefore composed solely of a fixed part and is not in any way linked to the economic results achieved by the Company.

7. Remuneration of the Chief Executive Officer, Executive Directors and other MSR

7.1. Fixed remuneration

Fixed remuneration levels for Executive Directors with specific functions, as well as Managers with Strategic Responsibilities are defined according to the complexity, actual responsibilities, the experience required for the position and the reference remuneration market. The fixed component of the top management remuneration package is of relative importance if the total remuneration package is considered. This limited weight, yet sufficient and appropriate even in the event of no disbursement of the variable part due to failure to achieve the associated objectives, is such as to reduce excessively risk-oriented behavior and to discourage initiatives focused solely on short-term results.

Periodically, the Committee prepares a remuneration policy proposal for the top management and submits it to the approval of the Board. This policy may entail an update to the fixed remuneration. These potential revisions take into consideration a range of factors, including competitiveness compared to market remuneration data, sustainability, internal fairness, the individual performance assessed through a global performance assessment system ("P3", as described in para. 3). The assessment criteria for the definition of the Group management Remuneration Policy include also the development potential, assessed using a specific structured process of potential assessment ("P4", as described in para. 3).

7.2. Variable remuneration

The variable component within the remuneration packages offered in Prysmian consists of two main elements:

- **short-term incentive** (monetary component of the annual MBO Plan);
- **long-term incentive (share-based LTI Plan)**, composed by Performance Shares and by a deferred component of the short-term incentive in the form of Deferred Shares with Matching Shares.

7.2.1. Short-term incentive system (MBO Plan)

Purposes

The variable annual incentive scheme (MBO Plan) is reserved for 2,500 employees holding positions of managerial responsibility and it aims to align individual performance with the organization's annual objectives, rewarding the beneficiary for the results achieved in the short-term (1 year).

The MBO Plan is reviewed each year by the Committee, which submits to the Board the objectives for the Executive Directors and the other Managers with Strategic Responsibilities, identifying the various assessment metrics.

Characteristics

The MBO Plan is managed on the basis of a strict and detailed regulation and through an annual communication process that is clear and transparent to all participants. Each participant is assigned percentages (target and maximum) of their gross annual pay, linked to the achievement of the performance objectives at target and at 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 to the impact on corporate results.
The final balance and payment of the incentive within this percentage range varies depending on the level of achievement of each objective assigned and up to the pre set maximum, above which no further amount is paid (cap). Award between target and maximum vests on a linear basis. A mechanism linking the MBO Plan and the individual performance assessment plan ("P3") is also provided, through a multiplier/de-multiplier factor (+/- 15%) that affects the value of the final incentive calculated on the basis of the score obtained. This multiplier/de-multiplier is not applicable to the Group Chief Executive Officer. Therefore, not only the economic/financial objectives, but also the qualitative performance and effectiveness of leadership are taken into consideration in determining the actual incentive payout.

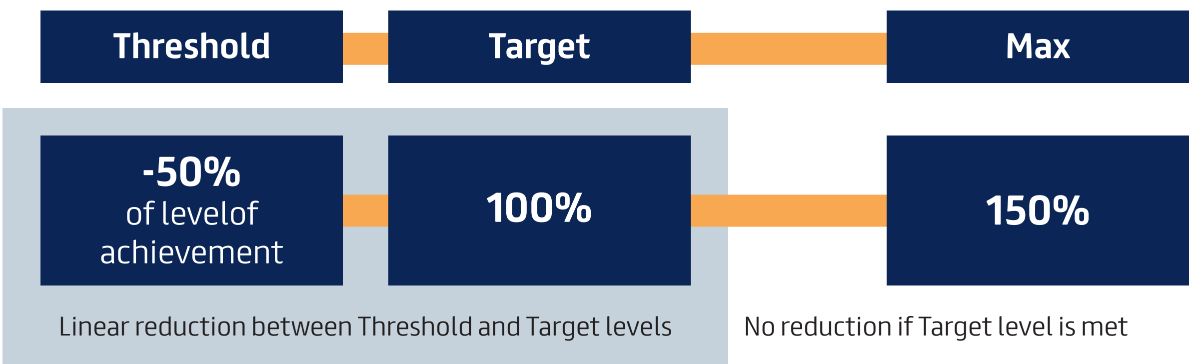
Performance conditions

The MBO Plan is aimed at ensuring the management's focus on achieving the Group value drivers and envisages:

- an access condition, represented by the Group Adjusted EBITDA. This access condition has a threshold and a target level. Upon achievement of target level, the MBO Plan is activated without penalties and the incentive vests according to the overall score obtained for the individual scorecard (minimum 50, maximum 150 points). Upon achievement of threshold level, instead, the overall performance score obtained and, as a consequence, the incentive payout, is reduced by 50%. Intermediate results between the threshold and target level of such access condition will determine a proportional reduction (between -50% and 0%) of the overall achievement of the objectives in the individual scorecard.

MBO Plan - Structure of the access condition

Access condition: Group Adjusted EBITDA



This reduction applies to the overall achievement level for the CEO and the positions directly reporting to him, including Executive Directors and the other Managers with Strategic Responsibilities. For all other participants, instead, subject to the same access condition, this mechanism applies only the Adjusted EBITDA objective of their respective individual scorecard. In case of missed achievement of the access condition at least at threshold level, no incentive is paid;

- economic and financial objectives with different weightings and independent from each other, assigned to all the Group's management, in line with the respective business/geographic area; for central departments, these objectives are measured at Group level;
- objectives linked to the respective function or business area, normally of an economic-financial or of operating efficiency nature;
- an objective regarding ESG assigned to all the Group's management at every level.

With reference to 2021, at the target and maximum levels (corresponding to 100 and 150 individual scorecard points respectively) the economic-financial objectives have a relative weight range of 60-90%, the function/business area objectives have a relative weight range of 20-30% and the ESG objective has a relative weight range of 20-30% (doubled compared to 2020).

Performance - incentive connection

All the objectives are measured on the basis of a target and a maximum level of achievement:

- if the target level value is not achieved, the score reached in relation to that given target will be zero;
- if the achieved level ranges between the target level and the maximum level, the score achieved will be calculated by linear interpolation;
- in case the maximum level is exceeded, the score achieved will be in any case equal to the maximum value: no scores higher than maximum limit are actually provided.

For each participant, the overall score that may be achieved corresponding to the achievement of each objective at target level is 100 points: to such level corresponds the payment of the target incentive percentage, whilst the maximum score that may be achieved is 150 points, with a corresponding payout of the maximum performance incentive (cap). If the overall final score obtained is less than 50 points, the incentive disbursed will be zero. Should the overall final score obtained be between 50 and 150 the final incentive value will be calculated in a linearly proportional manner. Considering the existence of an access condition, the threshold of 50 points has been considered as consistent in terms of ensuring the achievement of a performance level that is at least satisfactory.

A multiplier/de-multiplier, accounting for ±15% for Executive Directors and the other MSR, is applied to the final incentive value, depending on the assessment of individual performance (P3). It is recalled that such multiplier/de-multiplier does not apply to the Group Chief Executive Officer.

The payment of the annual incentive takes place on a proportional basis depending on how many months the person has been with the Group during the performance period: a minimum working period of nine months in the year is required to receive the proportional amount of the incentive.
The incentive is paid in the year following that in which it vests in relation to the performance achieved, generally in May, after the approval of the consolidated financial statements.

7.2.2. Long-term incentive system (LTI Plan)

The long-term incentive system - 2020-2022 LTI Plan -, approved by the Shareholders' Meeting on April 28, 2020 is a pillar of the Remuneration Policy, as well as a fundamental component of long-term engagement of the Group's key people, which include about 800 employees worldwide.

Purpose

The main goals of the LTI Plan are:

- motivating participants to achieve long-term results oriented towards creating sustainable value over time;
- aligning the interests of management and shareholders through the use of share-based incentive mechanisms;
- promoting stable participation of the management in the Company's share capital;
- ensuring the long-term sustainability of the Group's annual performance by paying the portion of the annual incentive to be assigned in Deferred Shares;
- strengthening the engagement and retention of participants through the Matching Share mechanism.

Characteristics

The Plan is based on the free allocation of shares and consists of the following components:

Performance Shares: a component consisting of the allocation of a predetermined number of shares in relation to the level of achievement of performance conditions over a 3-year term and subject to continuity of the employment relationship.

Deferred Shares: a component consisting of deferred payout through the free allocation of shares, subject to the continuity of the employment relationship during the vesting period, of 50% of the annual incentive accrued as part of MBO Plans 2020, 2021 and 2022. The accrual of the incentive requires the achievement of specific economic, financial, operational and sustainability performance objectives defined in advance each year (as described in paragraph 6.3.1).

Matching Shares: a component consisting of the free allocation of an additional 0.5 shares for each allocated Deferred Share. With regard at least to the CEO and top management (about 40 managers, including Executive Directors, the other MSR, CEO's first reporting line and managers of key areas in second reporting line), the Matching Share component is subject to reaching a predetermined ESG-related performance conditions.

Performance Shares

This component provides for the free allocation of shares to the participants, subject to performance conditions. The performance and vesting period is three years (2020-2022), with granting of shares envisaged in 2023.

Performance conditions

The actual granting of shares is subject to the level of achievement of the following performance conditions:
- Adjusted cumulated EBITDA;
- Cumulated Free Cash Flow;
- Relative TSR to a peer group made up of 9 companies;
- Sustainability/ESG, measured by a set of indicators as better described below.

For each of these, a threshold, target and maximum level is set, on the basis of which the level of achievement of the results is measured.
For the performance conditions mentioned above, with the exception of the relative TSR, the achievement of results falling between the threshold and target levels and between the target and the maximum levels determine the allocation of shares calculated by linear interpolation. The achievement of results lower than the threshold level entails no allocation of shares for the single performance condition to which this result relates. The performance conditions operate independently of each other.

	Cumulative Adj. EBITDA 2020-2021-2022 (weight 30%)		Cumulative Free Cash Flow 2020-2021-2022 (weight 30%)		Relative TSR positioning within the comparison panel (weight 20%)		ESG (weight 20%)	
	Result	Share allocation	Result	Share allocation	Result	Share allocation	Result	Share allocation
Threshold	2,840 €Mln	50%	900 €Mln	50%		0%	50 points	50%
Target	2,940 €Mln	100%	1,000 €Mln	100%	middle 3 companies	100% on average	100 points	100%
Maximum	3,340 €Mln	150%	1,200 €Mln	150%	middle 3 companies	150%	150 points	150%

The result ranges are defined on the basis of the current perimeter of the Group, in accordance with the accounting standards in force at March 5, 2020 and on the basis of the assumptions and premises relating to the medium-term time span upon which the Plan is structured. The results achieved will be assessed in light of these premises and assumptions. The Committee will apply the rules of the Plan and will provide to the market with complete and transparent information on the criteria adopted if the above premises and assumptions have had to be changed, in positive or negative way, due, for example, to extraordinary operations, significant changes in exchange rates, significant impacts deriving from the application of IFRS16 accounting principle, events or circumstances, even exogenous (e.g. the continuation of the Covid-19 crisis), of an exceptional or extraordinary nature, with material impact on the results achieved. Any additional future impacts arising from the "WesternLink HVDC" order project will be evaluated by the Committee and possibly neutralized for participants other than Executive Directors and/or senior executives who have had a direct, objective responsibility for decisions taken in relation to the most important or critical stages of the project (from its award in February 2012 until the handover to the customer in December 2019). Appropriate transparent communication regarding any decisions will be given to the market.

Relative TSR

The relative TSR of Prysmian is measured against the following comparison panel:

- ABB
- Belden
- Corning
- Leoni
- Nexans
- Indice Eurostoxx 600 Industrial Goods & Services
- NKT
- Rexel
- Siemens

The TSR achieved by the comparison panel companies (considering the index Eurostoxx 600 IG&S as a company), will be ranked in descending order, from the company with the best TSR result to the company with the worst result. If the TSR achieved by Prysmian will be:

- in line with the three best companies: 150% of the shares set at target will be allocated for this performance condition;
- in line with the middle three companies: on average, 100% of the shares at target will be allocated for this performance condition.

Shares linked to this performance condition will not be assigned if Prysmian relative TSR is lower than that of the middle three companies. The Committee may however exercise discretion in the overall assessment of the performance achieved and potentially adjust the vesting level.

ESG

ESG is measured in relation to the level of achievement of the following indicators by calculating the arithmetic mean of the scores achieved.

	% 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

ESG targets - Definitions

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

GENDER MIX

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

EMISSIONS

Percentage reduction of Green House Gas emissions (Scope 1 and 2) including CO_2 and other emission types (CH_4, N_{20}, HFC, SF_6, PFC) expressed in CO_2eq (CO_2 equivalent)

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

Results falling between the threshold and maximum levels determine a score calculated by linear interpolation. No score is awarded for results below the threshold level. The Committee may however exercise discretion in the overall assessment of the performance achieved or determine the overall score to be attributed for the ESG performance condition, taking into account the results achieved compared to the results set ex-ante within the threshold-maximum range.

The number of Performance Shares upon their allocation is defined for each participant in the Plan on the basis of the role they cover, their impact on the results, their potential, and in relation to their overall individual remuneration package, taking also into account its positioning against market levels.

Lock-up

A lock-up period and with a duration of 2 years is envisaged, during which the participants in the Plan may not dispose of the shares potentially allocated to them — net of those potentially sold to cover, where applicable, contribution and tax charges. Such restriction applies to all the shares allocated to the CEO and the top management, while is set at 20% for all other participants in the Plan.

The above-mentioned lock-up period was determined by the Company with a view to aligning the incentive plan with the long-term interests of the shareholders. In detail, the need to pursue a long-term objective is guaranteed by the 3-year vesting period provided for by the incentive plan and the 2-year lock-up period, which therefore sets a time horizon of five years, in compliance with the provisions of the Corporate Governance Code.

Deferred Shares

Under this component of the LTI Plan, the participants receive on a deferred basis and in shares a 50% portion of their annual incentive as part of the MBO Plans 2020, 2021 and 2022, where accrued. The number of Deferred Shares that the participants are entitled to receive is obtained by dividing the euro value of the incentive accrued for each year by the average closing price of the share recorded in the 90 calendar days before the Shareholders' Meeting that approves the financial statements for the years 2019 (relating to the incentive accrued for the year 2020), 2020 (relating to the incentive accrued for the year 2021) and 2021 (relating to the incentive accrued for the year 2022). This component of the LTI Plan is subject to the continuation of the employment relationship until the end of the vesting period (December 31, 2022).

E-MARKET SDIR CERTIFIED

Matching Shares

This component of the LTI Plan is combined with Deferred Shares and consists in the free allocation of 0.5 additional share for every Deferred Share allocated and deriving from the deferred payout of the annual incentive. For at least the CEO and top management, the Matching Share component is allocated subject to reaching the performance condition related to sustainability/ESG.

The Deferred Share and Matching Share components allow to connect a portion of the annual incentives to the creation of sustainable value over a multi-year period and to strengthen the retention lever of the participants in the medium term.

Malus e Claw back

The LTI Plan envisages malus and claw-back clauses, aimed at partially or totally annulling or recovering the shares assigned, which are activated in case of objective circumstances that lead to the reinstatement of the economic-financial results of Prysmian S.p.A. or any other Group company to such an extent that, if known in advance, would have had an impact on the allocation of the shares envisaged by the Plan. Such clauses also apply in case of fraud and/or willful misconduct and could be adapted locally in various countries in order to be compliant with regulation of reference. This is without prejudice to the possibility for the Company to provide for further contractual arrangements allowing it to request the restitution, in all or part of the variable components of remuneration paid (or to withhold amounts subject to deferral), determined on the basis of data which subsequently proved to be manifestly erroneous, or of other circumstances that may be identified by the Company.

Further details concerning the LTI Plan are illustrated in the Information Document available on the Company's website www.prysmiangroup.com.

7.3. Benefits

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

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

These benefits are adapted to local contexts, taking into account the characteristics of the reference market and regulations. In addition to the above, there is no social security or pension coverage other than mandatory ones.

8. Other elements

8.1. Non-competition agreements

Prysmian envisages the possibility of signing non-competition agreements for Executive Directors, the other Managers with Strategic Responsibilities and other employees with key roles within the organization.
In conformity with case law and practice, these agreements provide for the payment of a certain percentage of annual fixed remuneration, according to the duration and extent of the restriction arising from the agreement itself. The restriction refers to the sector in which the Group operates and has a variable territorial scope depending on the position covered by the individual beneficiary. With regard to non-competition agreements signed with Executive Directors and MSR, the remuneration will only be paid upon termination of employment if the agreement is activated by the company.

8.2. Retention/discretionary bonus

No discretionary remuneration is envisaged for the Chief Executive Officer, the Executive Directors and the other MSR. Monetary bonuses can be granted to the management and employees, so that to occasionally reward, through discretionary bonuses in addition to the variable components of remuneration, exceptional individual contributions, key to the achievement of particularly strategic results for Prysmian, as well as retention bonuses for critical and excellent resources, with skills particularly required by the market.

8.3. Share Ownership Guidelines

Prysmian established share ownership guidelines for the Chief Executive Officer, Executive Directors and the other MSR during 2020. These guidelines require the Chief Executive Officer to hold for the entire duration of the employment relationship a number of Prysmian shares worth at least 3 times his fixed remuneration, while for the Executive Directors and MSR the minimum shareholding expected is equal to 1.5 times their fixed remuneration. The minimum share ownership requirements indicated above must be met by the subjects involved within 3 years from the end of the fiscal year 2020, while for subjects who would hold said roles in the future, the 3-year period will start from the actual beginning of their term of office.

8.4. End of service or termination indemnity

The Remuneration Policy does not provide for the payment of any indemnity in favor of Executive Directors and/or Managers with Strategic Responsibilities in the event of termination of office or the employment relationship, except as specified below.

The agreement for the early termination of the CEO's office provides for an indemnity of 24 months' base salary, not tied to performance criteria, to be paid in the event of (i) severance or termination from office without just cause; (ii) failure to renew the office for a contractually established period; (iii) resignation due to just cause or substantial change of the position; (iv) consensual termination from office; or (v) death, permanent working disability or a protracted state of illness for a period of more than 12 consecutive months. This indemnity does not include any component linked to non-competition agreements and will not be due in the event of termination for cause.

In any case, the amount reserved for the Chief Executive Officer and other MSR, in the event of payment of the indemnity for termination of office and non-competition agreement, is overall less than 24 months of total annual remuneration.

The payment of such fees can be waived.

As far as managers with strategic responsibilities are concerned, the company does not have in place advance severance or termination agreements, counter to the recommendations of the Corporate Governance Code, in accordance with the law and local collective contracts, and in any event with consideration not exceeding two years of fixed remuneration.

No agreement is established, for the beneficiaries of the Policy, providing for the maintenance of non-monetary benefits in favor of subjects who have ceased their office, nor are consultancy contracts currently envisaged for a period subsequent to the termination of the relationship. The foregoing is without prejudice to the Company's ability to enter into additional contractual agreements that establish, after termination from office, the retention of non-monetary benefits or the stipulation of consulting contracts for a period after termination of the relationship.

With regard to the consequences of termination on the 2020-2022 LTI Plan, the Plan regulations established the various effects, taking into account the cause and the moment in which termination occurs and in relation to the various local laws. In particular, participants who will terminate the relationship as "bad leavers", including in this case also voluntary resignation and dismissal for just cause, will lose any rights deriving from the Plan. Instead, the termination of the relationship for reasons other than those indicated above, also in relation with the timing of the termination, may provide for the allocation of a portion of the shares on a pro-rata temporis basis and without acceleration of the vesting period, as well as the maintenance of performance conditions, where envisaged, for the various components of the Plan. In the event of death or permanent disability, the participant or the participant's heirs are to retain the right to the award of the shares, recognizing full vesting of the related rights.

9. The YES Plan

Beneficiaries of the Remuneration Policy, that are also Group employees, can participate to the Group Employee Stock Ownership Plan YES (Your Employee Shares Plan), launched by Prysmian in 2013 and currently active in over 30 countries.
This Plan provides employees with the opportunity to buy on a voluntary basis company shares at favorable conditions. By accepting a lock-up for at least 36 months from purchase date, in fact, employees can receive shares with a discount from market price (1% for the CEO and top management, 15% for Executives and 25% for all other employees), and with free entry bonus shares upon enrolment in the Plan.
The goals pursued by the Group through the YES Plan are to increase employees' participation, involvement, sense of belonging and understanding of business, ensuring the convergence of long-term interests of shareholders, clients and employees, strengthening the internal perception of Prysmian as a single company, a real "One Company", building up a stable employee shareholding base.
Through an intense communication campaign and dedicated training sessions, the YES Plan proved to be a real success, chosen to date by more than 9,200 employees worldwide, confirming that the Plan is a participation and engagement instrument for the entire corporate population.
Said success is confirmed by the participation rate recorded in 2020, with over 4,000 colleagues who decided to take part in the Plan.

YES Your Employee Shares

10. Remuneration of the control functions

Specific short- and long-term incentive plans have been envisaged for the Audit & Compliance Senior Vice President with objectives in line with his responsibilities and independence requirements linked to the function. In particular, economic and financial objectives are not envisaged within the plans.

11. Exceptions

Prysmian, in accordance with the provisions of Article 123-ter, paragraph 3-bis of the TUF, in case of exceptional circumstances that could compromise the long-term interests of the Company, or so as to ensure its capacity to operate on the market, reserves the right to temporarily derogate from the Remuneration Policy most recently approved by the shareholders.

The elements of the Remuneration Policy from which, in exceptional circumstances, temporary derogations may be made may concern:

- fixed and variable components (both short- and long-term) of remuneration, and in particular:
  - the proportion attributed to each of these components within total remuneration;
  - the criteria used to assess the achievement of the performance objectives underlying the award of the shares, options, other financial instruments or other variable components of remuneration, as well as the extent of the variable component to be paid as a function of the level of achievement of the objectives;
  - the introduction of any deferred payment systems or the inclusion of clauses for the retention in portfolio of the financial instruments after they are acquired; mechanisms for ex-post correction of the variable component (malus or claw-back return of variable compensation);
- the establishment, payment and/or extent of the benefits applicable in the event of dismissal from office or termination of employment;
- the minimum shareholding requirements as described by the Share Ownership Guidelines (para. 8.3).

Exceptional circumstances — without prejudice to the possibility of identifying them in the course of implementation of the Remuneration Policy — could include but are not limited to the following:

- the need to adopt retention policies for internal resources considered particularly strategic for the Company;
- the need to attract external resources that could make a significant contribution to the growth and development of the Company's business;
- recognition of individual and/or collective achievements deemed particularly important and positive for the Company;
- the occurrence of substantial changes in the organization of the business, both of an objective nature (such as extraordinary transactions, mergers, disposals, including of companies/business lines, etc.) and of a subjective nature, such as changes in the top management team;
- significant changes in socio-economic scenarios or, in any case, the occurrence, at national or international level, of extraordinary and unforeseeable events (such as conflicts, pandemics, etc.), concerning the Group or the sectors and/or markets in which it operates, which significantly affect the Group's results or are capable of radically changing the context of the market of reference both in terms of individual countries and/or regions and globally.

In these contexts, with adequate support from the Human Resources and Organization Department, as well as with the possible advice of third-party and independent experts, the Committee, in application of the powers provided for by its own Regulations and assessed the circumstances, can submit to the approval of the Board any exceptions to the Company's primary objectives and respecting the rights of the participants, without prejudice to provisions of the Regulation No. 17221 of March 12, 2010 and the Procedures for Related Party Transactions adopted by the Company. The resolution passed by the Board sets the duration of this exception and the specific elements of the Policy that shall be provided, without prejudice to the above.

SECTION II

This section of the Report on Remuneration Policy and compensation paid illustrates each of the items making up the remuneration of members of the Board of Directors, the Board of Statutory Auditors and the Managers with Strategic Responsibilities of the Group and highlights its consistency with the policies described in the Section I of the document published in 2020.
The Board of Directors, appointed by the Shareholders' Meeting of April 12, 2018, will remain in office for three years, until the approval of the financial statements as of December 31, 2020, and, during 2020, its composition has not changed. The Board of Statutory Auditors was renewed for three years by the Shareholders' Meeting of June 5, 2019, until the approval of the financial statements as of December 31, 2021.
Therefore, the compensation paid to these subjects in 2020 is reported below.
The advisory vote expressed for the first time by the Shareholders' Meeting convened in 2020 on the section on compensation paid in 2019 was widely positive. In this context, the Company has maintained an absolutely transparent approach towards the shareholders, particularly with reference to the Covid-19 impact on the Group's variable remuneration systems.
In particular, paragraphs 1-3 of this Section II of the Report provide a detailed description of the approach followed in managing variable remuneration for the 2020 performance year, and of the related exception from the Remuneration Policy deemed necessary in light of the Covid-19 pandemic impacts.

1. 2020 MBO Plan – Remuneration Policy exception and approach to defining the amount to be paid

To conduct a thorough, in-depth assessment of the results achieved, in 2020 the Remuneration and Nomination Committee carried out constant monitoring of the impacts of the COVID-19 pandemic along with broad, thorough consideration of the overall company performance and the mitigation measures implemented by the management in response to highly adverse circumstances.
In view of the estimated negative impact of COVID-19 on Adjusted EBITDA (estimated at approximately €155 million according to the criteria set out below), the solid financial performance achieved, the progress at the level of ESG indicators and the initiatives taken for the permanent protection of jobs and the health and safety of individuals, the Board, at the Committee's proposal, resolved to authorize the payment of a variable incentive within the framework of the 2020 MBO Plan addressed to Prysmian Group's management.
In taking this decision, the Board confirmed the MBO Plan's performance targets defined at the beginning of 2020, acting within the scope of the discretion allowed by the exceptions provided by the Remuneration Policy (chapter 10 of Section I of the Remuneration Policy for 2020).

In particular, the Board of Directors:

- took account of the estimated impact of Covid-19 (-€155 million) to allow access to the payment of a variable remuneration under the 2020 MBO Plan, even when the minimum threshold for accessing the system (Adj. EBITDA ≥ €925 million) has not been reached;
- did not consider any adjustments related to the impact of Covid-19 on the Group's final Adj. EBITDA objective included in the individual performance scorecards;
- considered the different individual contributions adopting a meritocratic approach and evaluating the performance actually achieved, and selectively applied a corrective factor to reduce the amounts payable, which was overall more penalizing for the top management, compared to the rest of the workforce.

The exception referring to the access condition was deemed necessary to support the full engagement and motivation of Prysmian's management to seek to achieve the Company's strategic objectives within the framework of creating medium-to-long-term value for its shareholders, while also favoring the retention of key resources: it was decided to acknowledge, according to a balanced approach, the management's prompt, effective reaction to the volatility and uncertainty associated with the pandemic in all of 2020, designed to protect, above all, our customers, our people and the Group's financial solidity.

Despite the highly penalizing pandemic context, the economic and financial performance for 2020 proved once again very robust, reporting:

- Adj. EBITDA at €840 ml, in line with the high-end level of post-Covid guidance published in July 2020 (€800 ml – €850 ml);
- a significant cash generation (€487 ml), exceeding the maximum level defined in the original pre-Covid guidance;
- a significant cost reduction of about €100 ml, exceeding previously targets defined pre-Covid;
- an important value creation for shareholders represented by TSR at 37.1% which grew compared to 2019 to the highest band of the ranking compared to peer companies and companies operating in the wider industry of instrumental goods.

The ESG targets included in the 2020 MBO Plan and in the 2020-2022 LTI Plan progressed overall, both in terms of internal indicators and in terms of positioning in sustainability indices.

Furthermore, in a 2020 severely impacted by the Covid-19 crisis, Prysmian's commitment to its employees took concrete shape in numerous efforts aimed at protecting people's health and safety.
In particular:

- no company restructuring involving the dismissal of permanent staff has been carried out;
- social safety nets, where applicable, have been used, solely as a temporary measure and in a targeted and limited manner;
- wide use has been made of flexible working tools, including specific provisions in maternity policies;
- a strict block on business travel has been in force since February 2020;
- massive use has been made of remote working arrangements for about 8,000 of the Group's employees, with targeted investment on upgrading the technological platforms and devices used;
- huge investments have been made in the administration of serological tests and swabs and in the supply of personal protective equipment;
- influenza vaccination campaigns have been organized in various countries aimed at local employees and their families;
- pilot mental health assistance projects have been started, provided free of charge to employees;
- about 500 e-bikes have been purchased for staff in the Milan office, with the aim of making commuting safer and more sustainable.

The approach applied resulted in a significant reduction in the amount of the 2020 annual incentive, including the deferred share component, paid to the Chief Executive Officer (-31%) and to the other Managers with Strategic Responsibilities compared to the amount paid with reference to 2019, in line with our pay for performance approach.

For detailed amounts please refer to the information indicated below in this Section II of the Report.

2. 2020-2022 LTI Plan - Evaluation of the Covid-19 impact for the assessment of the 3-year objectives

In line with the approach adopted for the 2020 MBO Plan, as well as the information already declared during the 2020-2022 LTI Plan approval stage in the documents submitted for the attention of the Shareholders' Meeting on April 28, 2020, the Board of Directors, on the proposal of the Remuneration and Nomination Committee, confirmed in full the performance objectives specified in the LTI Plan, choosing not to make any restatement of the target levels defined and disclosed to the market.

With a view to supporting management's engagement and motivation in achieving the Company's long-term strategic objectives, the Board of Directors, on the proposal of the Remuneration and Nomination Committee, also decided to take the Covid-19 effect into account with reference to 2020 (estimated to be -€155 ml) for purposes of assessing the 3-year cumulative objective for Adj. EBITDA.

The Board of Directors and the Remuneration and Nomination Committee, to an extent consistent with the ex-ante provisions on the matter (cf. para. 6.3.2 of this Report), do, however, reserve the right to assess at their own discretion the extraordinary impacts connected with the pandemic only at the end of the 3-year performance period, jointly with an examination of the results for the other objectives specified in the LTI Plan and taking account of the overall reference context.

3. Criteria used for assessing the impact of Covid-19 on remuneration systems

All the financial targets included in the 2020 MBO and LTI 2020-2022 Plans were defined before the spread of the Covid-19 pandemic, therefore they do not reflect in any way the impacts of the pandemic on the Group's results.
In line with provisions of the Remuneration Policy approved on April 28, 2020, the Company decided not to change its 2020 objectives and long-term targets, but to assess the achievements of the same on a pre-Covid basis, by taking into consideration how the actual financial performance has been affected by the pandemic.

Three categories of negative effects have been considered, namely **"loss of business"**, **"production inefficiencies"** and **"other losses"**. The relevant evaluation criteria were defined as follows:

a) loss of business:
calculated as the expected contribution margin related to the turnover that could not be generated as a consequence of Covid-19. Indeed, the pandemic has negatively impacted the market demand for cables in many countries as customers have cut their budgets and/or have been forced to reduce the level of activity due to sanitary restrictions. Additionally, in some cases, Prysmian suffered from a limitation in output capacity because of the closure of production plants during lockdown periods imposed by local authorities.
In order to quantify these business losses, a "normal" level of activity for year 2020 has been defined by taking into account a combination of various points of reference:

- key macroeconomic indicators and business drivers (e.g. evolution of construction market, oil price, telecom broadband subscribers);
- normal or reasonably foreseeable market shares;
- budget allocations by key customers (e.g. utilities) that are known and frame contracts with commitments in terms of volumes;
- specific order cancellations or postponements;
- initial internal forecasts defined before the Covid-19 epidemic outbreak;

b) production inefficiencies:
an additional consequence of the lower level of sales described above is the reduction of the production output in the production plants concerned. Lower levels of saturation imply inefficiency in the use of production resources (especially labor

and overhead, but also materials due to smaller production batches) which are not flexible in the short-to-medium term. This effect goes to the extreme in those cases where plants are being forced to temporarily halt because of restrictions imposed by local authorities or Company decisions as a result of Covid-19 infections.

A specific analysis for each of the over 100 plants has been carried out, considering only those matching one of these conditions: at least 10% reported a loss of volume compared to the budget, or were forced to close due to government restrictions or safety measures, or had abnormal level of absenteeism. The following impacts have thus been evaluated, limited only to the period of time concerned:

- inefficiencies related to unsaturation of manpower, as cost difference between actual paid worked hours and standard hours required for the actual production, net of normal unsaturation;
- extra costs related to the increase of the average labor rate vs. standard as a consequence of absenteeism;
- inefficiencies related to unsaturation of indirect variable factory overheads (such as maintenance, electricity, consumables, spare parts, etc.), as standard cost of the under-absorbed factors given the actual hours of production, net of all mitigation actions;

c) other losses:
specific events, the occurrence of which can directly be linked with Covid-19, which had adverse impacts on Prysmian results in 2020. Namely:

- losses on purchases of strategic raw materials (metals): the reduction of demand for cables has generated an excess of coverages in respect of the underlying need of raw materials. The unwinding of these derivatives, in the context of dropping prices of copper and aluminum, yielded significant losses;
- write-down of obsolete stock: related to “make-to-order” products following customer cancellation;
- bad debt provision: related to specific receivables of customers in financial distress following the pandemic outbreaky.

In parallel, it is also possible to recognize some positive effects which appeared only as a result of the spread of the Covid-19 pandemic and without any specific intervention by Prysmian management. As such, their impact on the financial results of the Company needs to be deducted in order to establish an overall net effect:

d) price of non-strategic raw materials:
the market index of several commodities (e.g. the raw material used for cable insulation) has dropped significantly on the European market in the course of 2020 on the back of the oil price decline sparked by the global contraction of the economy;

e) travel expenses:
Prysmian has decided to significantly reduce the amount of business travels in order to comply with health regulations and to safeguard its employees;

f) subsidies, unemployment benefits and other forms of flexibility made available by several governments to support companies.

The Company has adopted a thorough and granular approach for the evaluation of the above impacts, by setting up a dedicated reporting tool and a rigorous process based on following rules:

- detailed analysis by Country and by Business Unit, supported by structured backup documentation;
- bottom-up proposal by local organizations who have direct knowledge of market conditions and customer behaviors;
- regular review in the course of the year carried out jointly by HQ controllers, Central business units and local organizations, in order to fine-tune the calculation method and ensure alignment to market trends;
- final top-down review by HQ in order to ensure overall consistency, harmonization and to prevent possible conflicts of interest.

In short, with regards to the year 2020, the overall net impact, which can be attributed to Covid-19, has been -€155 million on the Company operating result.

NEGATIVE IMPACTS Loss of business and production inefficiencies from plant unsaturation	**POSITIVE IMPACTS** Raw materials, travel cost and government subsidies	**OVERALL NET IMPACT** **which can be attributed to Covid-19**
€M -200	€M +45	€M -155

4. Chairman of the Board of Directors

Claudio De Conto received an overall remuneration of €143,333, of which €80,000 for his position as Chairman of the Board of Directors, €50,000 as a Director and €13,333 as a member of the Remuneration and Nomination Committee.

5. Chief Executive Officer

Valerio Battista, Chief Executive Officer and General Manager of Prysmian Group, received an overall compensation of €1,428,613, of which:

- **Fixed remuneration** for €1,100,000.
- **Annual variable incentive** (2020 MBO) for €648,560. This amount vested upon the achievement level of 2020 MBO Plan's objectives, as shown below and in line with the approach described in paragraphs 1-3. In accordance with the provisions set forth in the 2020 Remuneration Policy, 50% of said amount will be paid in cash and the remaining 50% in Deferred Shares at the reference price of €18.46. Accordingly, with reference to the 2020 MBO Plan, Valerio Battista accrued 17,567 Deferred Shares and 8,784 Matching Shares at the end of the vesting period of the 2020-2022 LTI Plan.

ACCESS CONDITION (ON/OFF)				
Group Adjusted Ebitda	Threshold	€M 925		ON
	Target	€M 950		
OBJECTIVES	Weight target	Weight max	Unit of Measure	Points
1_Group Adjusted EBITDA	40	60	EUR Mln	0
2_Group Net Financial Debt	30	45	EUR Mln	45,0
3_Fixed Costs	20	30	EUR Mln	30,0
4_ESG	10	15	Qual.	13,0
	100	150		88,0

Covid-19 impact considered only for access condition, not considered for the assessment of the EBITDA objective (0 points)

- **Long term variable incentive** (2020-2022 LTI): Valerio Battista is included among the participants in the 2020-2022 LTI Plan, as part of which he has been allocated 178,764 Performance Shares consistent with the achievement target level of the underlying indicators.
- **Non-monetary benefits** for €4,333.

As from March 1, 2015, an agreement has been stipulated with Valerio Battista in case of early termination of his employment contract, providing for an indemnity equal to 24 months' fixed remuneration, to be paid if the contract is terminated on the initiative of the Company, due to consensual termination, to significant changes in role and position or death and permanent disability.
In addition, Valerio Battista is signatory to a Non-Competition Agreement starting from the same date, 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 fixed remuneration, multiplied by the number of years the agreement is in force (three) and will be paid only upon termination of the employment relationship.
Furthermore, considering the termination of the relationship as General Manager and the continuation of the office as Chief Executive Officer, communicated to the market on February 3, 2021, new agreements were entered into with Valerio Battista in 2021, relating to the possible termination from the position of Chief Executive Officer of Prysmian and a new non-competition agreement, which replace, with similar provisions, the corresponding agreements previously referred to the position of General Manager.
In addition, in 2020 Valerio Battista, as announced to the market on April 3, 2020, invested 50% of his net incentive (paid on the basis of the 2019 annual performance) in purchasing 12,545 shares of the Company's stock, voluntarily agreeing to a lock-up period until the end of 2022.
Valerio Battista has chosen to participate in the Group Employee Stock Ownership Plan (YES), with an investment of €13,335 in 2020. With this investment, he has received 511 shares, 5 of which on a free basis.

6. Executive Directors

Massimo Battaini, CEO North America, received an overall compensation of €1,097,956, of which:

- **Fixed remuneration** for €815,530, of which €700,000 as gross annual pay, €98,030 as expatriation allowance and €17,500 for non-competition agreement.
- **Annual variable incentive** (2020 MBO) for €483,000, including application of the factor linked to the assessment of individual performance. This amount vested upon the achievement level of 2020 MBO Plan's objectives, as shown below and in line with the approach described in paragraphs 1-3. In accordance with the provisions set forth in the 2020 Remuneration Policy, 50% of said amount will be allocated in cash and the residual 50% in Deferred Shares at the reference price of €18.46. Accordingly, with reference to the 2020 MBO Plan, Massimo Battaini accrued 13,082 Deferred Shares and 6,541 Matching Shares at the end of the vesting period of the 2020-2022 LTI Plan.

ACCESS CONDITION (ON/OFF)				
Group Adjusted Ebitda	Threshold €M 925 / Target €M 950			ON
OBJECTIVES	Weight target	Weight max	Unit of Measure	Points
1_North America Adjusted EBITDA	40	60	US$ Mln	53,6
2_North America Net Financial Debt	30	45	US$ Mln	45,0
3_North America Fixed Costs	20	30	US$ Mln	30,0
4_ESG	10	15	Qual.	13,0
	100	150	+/- P3 multiplier	~~141,6~~ 120,0

Covid-19 impact considered only for access condition; 2020 North America EBITDA:
• higher than target level without any adjustment related to Covid-19 impact;
• improved vs 2019.

Reduction factor of the score and of the incentive

- **Long-term variable incentive** (2020-2022 LTI): Massimo Battaini is included among the participants in the 2020-2022 LTI Plan, within which he has been assigned 75,839 Performance Shares consistent with the achievement target level of the underlying indicators.
- **Non-monetary benefits** for €40,926.

In addition, Massimo Battaini holds a Non-Competition Agreement starting from the same date, 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 33% of the fixed remuneration, multiplied by the number of years the agreement is in force (three) and will be paid only upon termination of the employment relationship.

In addition, in 2020 Massimo Battaini, as announced to the market on April 3, 2020, invested 50% of his net incentive (paid on the basis of the 2019 annual performance) in purchasing 7,503 shares of the Company's stock, voluntarily agreeing to a lock-up period until the end of 2022.

Pier Francesco Facchini, Chief Financial Officer, received an overall compensation of €723,329, of which:

- **Fixed remuneration** for €590,000.
- **Annual variable incentive** (2020 MBO) for €259,600, including application of the factor linked to the assessment of individual performance. This amount vested upon the achievement level of 2020 MBO Plan's objectives, as shown below and in line with the approach described in paragraphs 1-3. In accordance with the provisions set forth in the 2020 Remuneration Policy, 50% of said amount will be paid in cash and the residual 50% in Deferred Shares at the reference price of €18.46. Accordingly, with reference to the 2020 MBO Plan, Pier Francesco Facchini accrued 7,031 Deferred Shares and 3,516 Matching Shares at the end of the vesting period of the 2020-2022 LTI Plan.

ACCESS CONDITION (ON/OFF)				
Group Adjusted Ebitda	Threshold	€M 925		ON
	Target	€M 950		
OBJECTIVES	Weight target	Weight max	Unit of Measure	Points
1_Group Adjusted EBITDA	40	60	EUR Mln	0
2_Group Net Financial Debt	30	45	EUR Mln	45,0
3_Fixed Costs	20	30	EUR Mln	30,0
4_ESG	10	15	Qual.	13,0
	100	150	+/- P3 multiplier	88,0

Covid-19 impact considered only for access condition, not considered for the assessment of the EBITDA objective (0 points)

- **Long-term variable incentive** (2020-2022 LTI): Pier Francesco Facchini is included among the participants in the 2020-2022 LTI Plan, as part of which he has been assigned 63,921 Performance Shares consistent with the achievement target level of the underlying indicators.
- **Non-monetary benefits** for €3,529.

Starting on January 8, 2007, an indemnity equal to 24 months' fixed remuneration was defined for Pier Francesco Facchini in case 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.

Fabio Ignazio Romeo, Chief Strategy Officer, received an overall compensation of €739,187, of which:

- **Fixed remuneration** for €601,709.
- **Annual variable incentive** (2020 MBO) for €264,752, including application of the factor linked to the assessment of individual performance. This amount vested upon the achievement level of 2020 MBO Plan's objectives, as shown below and in line with the approach described in paragraphs 1-3. In accordance with the provisions set forth in the 2020 Remuneration Policy, 50% of said amount will be assigned in cash and the remaining 50% in Deferred Shares at the reference price of €18.46. Accordingly, with reference to the 2020 MBO Plan, Fabio Ignazio Romeo accrued 7,171 Deferred Shares and 3,586 Matching Shares at the end of the vesting period of the 2020-2022 LTI Plan.

ON/OFF GATE				
Group Adjusted Ebitda	Threshold €M 925	Target €M 950		ON
OBJECTIVES	Weight target	Weight max	Unit of Measure	Punti
1_Group Adjusted EBITDA	40	60	EUR Mln	0
2_Group Net Financial Debt	30	45	EUR Mln	45,0
3_M&A Activity	20	30	EUR Mln	30,0
4_ESG	10	15	Qual.	13,0
	100	150	+/- P3 multiplier	88,0

Covid-19 impact considered only for access condition, not considered for the assessment of the EBITDA objective (0 points)

- **Long-term variable incentive** (2020-2022 LTI): Fabio Ignazio Romeo is included among the participants in the 2020-2022 LTI Plan, within which he has been assigned 65,190 Performance Shares consistent with the achievement target level of the underlying indicators.
- **Non-monetary benefits** for €5,102.

As from March 6, 2017, an agreement has been stipulated with Fabio Ignazio Romeo in case of early termination of his employment contract, providing for an indemnity equal to 24 months' fixed remuneration to be disbursed if the contract is terminated on the initiative of the Company, due to consensual termination, to significant changes in role and position or death and permanent disability.
In addition, Fabio Romeo is signatory to a Non-Competition Agreement starting from the same date 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 33% of the fixed remuneration, multiplied by the number of years the agreement is in force (three) and will be paid only upon termination of the employment relationship.
In 2020, Fabio Ignazio Romeo, as announced to the market on April 3, 2020, invested 50% of his net incentive (paid on the basis of the 2019 annual performance) in purchasing 4,939 shares of the Company's stock, voluntarily agreeing to a lock-up period until the end of 2022.
Fabio Ignazio Romeo has chosen to participate in the Group Employee Stock Ownership Plan (YES), with an investment of €13,335 in 2020. Thanks to this investment he has received 548 shares, 5 of which on a free basis.

7. Non-Executive Directors

- **Paolo Amato** received an overall remuneration of €63,333, of which €50,000 as a member of the Board of Directors and €13,333 as a member of the Remuneration and Nomination Committee;

- **Joyce Victoria Bigio** received an overall remuneration of €63,333, of which €50,000 as a member of the Board of Directors and €13,333 as a member of the Control and Risk Committee;

- **Maria Elena Cappello** received an overall remuneration of €63,333, of which €50,000 Euro as a member of the Board of Directors and €13,333 as a member of the Remuneration and Nomination Committee;

- **Monica De Virgiliis** received an overall remuneration of €63,333, of which €50,000 as a member of the Board of Directors and €13,333 as a member of the Sustainability Committee;

- **Francesco Gori** received an overall remuneration of €63,333, of which €50,000 as a member of the Board of Directors and €13,333 as a member of the Control and Risk Committee;

- **Mimi Kung** received an overall remuneration of €63,333, of which €50,000 as a member of the Board of Directors and €13,333 as a member of the Sustainability Committee;

- **Maria Letizia Mariani** received an overall remuneration of €76,666, of which €50,000 as a member of the Board of Directors, €13,333 as a member of the Sustainability Committee and €13,333 as a member of the Control and Risk Committee.

8. Statutory Auditors

- **Pellegrino Libroia** received €75,000 as Chairman of the Board of Statutory Auditors;

- **Laura Gualtieri** received €50,000 as a standing Statutory Auditor;

- **Paolo Lazzati** received in total €78,000, of which €50,000 as a standing Statutory Auditor and €28,000 as Statutory Auditor of the subsidiaries Prysmian Cavi e Sistemi S.r.l. and Prysmian PowerLink S.r.l.

9. Managers with Strategic Responsibilities

During 2020 or even only for part of the year, four managers were identified as Managers with Strategic Responsibilities and, at aggregate level, received an overall remuneration of €2,934,148, of which:

- **Fixed remuneration** for €2,282,891, including €2,170,451 as gross annual pay, €30,947 as expatriation allowance and €81,493 as non-competition agreement.
- **Annual variable incentive** (2020 MBO) for €928,120. This amount vested upon the achievement level of 2020 MBO Plan's objectives, as shown below and in line with the approach described in paragraphs 1-3, including where appropriate the application of the factor linked to the assessment of individual performance (±15%). In accordance with the provisions set forth in the 2020 Remuneration Policy, 50% of said amount will be assigned in cash and the residual 50% in Deferred Shares at the reference price of €18.46. Accordingly, with reference to the 2020 MBO Plan, Managers with Strategic Responsibilities accrued 25,139 Deferred Shares and 12,570 Matching Shares at the end of the vesting period of the 2020-2022 LTI Plan.

- **Long-term variable incentive** (2020-2022 LTI): Managers with Strategic Responsibilities are included among the participants in the 2020-2022 LTI Plan, within which they have been assigned 241,092 Performance Shares consistent with the achievement target level of the underlying indicators.
- **Non-monetary benefits** for €187,197.

In addition, in 2020 Managers with Strategic Responsibilities, as announced to the market on April 3, 2020, invested 50% of their net incentive (paid on the basis of the 2019 annual performance) in purchasing 21,554 shares of the Company's stock, voluntarily agreeing to a lock-up period until the end of 2022.

10. Comparison data

Here below are provided comparison data between the annual variable remuneration and:

a) the overall remuneration of Executive Directors of the Company (information about their remuneration is illustrated in detail in Section II of this Report);

b) the Company's results, expressed in terms of Adjusted EBITDA, Free Cash Flow and Total Shareholder Return;

c) the average remuneration of Group's employees.

	Unit of Measure	2019	2020	Change	2020	Change
			Compensation paid (A)		Including compensation paid in equity (B)	
Valerio Battista (CEO)	€K	2,049	1,429	-30%	2,453	+20%
Pier Francesco Facchini (CFO)	€K	973	723	-26%	1,095	+13%
Fabio Ignazio Romeo (CSO)	€K	978	739	-24%	1,118	+14%
Massimo Battaini (CEO North America)	€K	1,555	1,098	-29%	1,571	+1%
Adj. EBITDA	€M	1,007	840	-17%		
Free Cash Flow	€M	433	487	+12%		
TSR	%	30,5%	37,1%	+22%		
Average - employees		37,331	37,464	+0,4%		

A - It refers to overall compensation for the year as illustrated in the table 1, column 6, below.

B - Including the fair value of the compensation in shares, relating to the 2020-2022 LTI Plan (being accrued and with potential assignment in 2023) and the deferral of the 2020 MBO. The amounts are equal to the sum of columns 6 and 7 as per table 1 below.

REMUNERATION TABLES

TABLE 1: Fees paid to members of the Board of Directors, general managers and other mangers with strategic responsibilities

A	B	C	D	1	2	3		4	5	6=1+2+3+4+5	7	8
Full name	Office	Term in office	Expiry of office	Fixed Pay	Fees for participation in Committees	Variable non-equity pay		Non-monetary benefits	Other fees	Total	Fair Value of fees paid in equity	Severance indemnities for end of office or for termination of employment
						Bonuses and other incentives	Share of profits					
Claudio De Conto	Chairman	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				130,000 [1]	13,333	-	-	-	-	143,333	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**130,000**	**13,333**	-	-	-	-	**143,333**	-	-
Valerio Battista	CEO and GM	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				1,100,000	-	324,280	-	4,333	-	1,428,613	1,023,935	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**1,100,000**	-	**324,280**	-	**4,333**	-	**1,428,613**	**1,023,935**	-
Massimo Battaini	Executive Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				-	-	-	-	-	-	-	-	-
Fees from subsidiaries or affiliate companies				815,530 [2]	-	241,500	-	40,926 [3]	-	1,097,956	473,377	-
TOTAL				**815,530**	-	**241,500**	-	**40,926**	-	**1,097,956**	**473,377**	-
Pier Francesco Facchini	Executive Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				590,000	-	129,800	-	3,529	-	723,329	371,322	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**590,000**	-	**129,800**	-	**3,529**	-	**723,329**	**371,322**	-
Fabio Romeo	Executive Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				601,709	-	132,376	-	5,102	-	739,187	378,697	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**601,709**	-	**132,276**	-	**5,102**	-	**739,187**	**378,697**	-
Paolo Amato	Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				50,000	13,333	-	-	-	-	63,333	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTALE				**50,000**	**13,333**	-	-	-	-	**63,333**	-	-
Joyce Victoria Bigio	Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				50,000	13,333	-	-	-	-	63,333	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**50,000**	**13,333**	-	-	-	-	**63,333**	-	-
Maria Elena Cappello	Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				50,000	13,333	-	-	-	-	63,333	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**50,000**	**13,333**	-	-	-	-	**63,333**	-	-
Monica De Virgiliis	Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				50,000	13,333	-	-	-	-	63,333	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**50,000**	**13,333**	-	-	-	-	**63,333**	-	-

A	B	C	D	1	2	3		4	5	6=1+2+3+4+5	7	8
Full name	Office	Term in office	Expiry of office	Fixed Pay	Fees for participation in Committees	Variable non-equity pay		Non-monetary benefits	Other fees	Total	Fair Value of fees paid in equity	Severance indemnities for end of office or for termination of employment
						Bonuses and other incentives	Share of profits					
Francesco Gori	Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				50,000	13,333	-	-	-	-	63,333	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**50,000**	**13,333**	-	-	-	-	**63,333**	-	-
Mimi Kung	Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				50,000	13,333	-	-	-	-	63,333	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**50,000**	**13,333**	-	-	-	-	**63,333**	-	-
Maria Letizia Mariani	Director	1.1-31.12.2020	2021									
Fees in the company which draws up the financial statements				50,000	26,666	-	-	-	-	76,666	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**50,000**	**26,666**	-	-	-	-	**76,666**	-	-
Pellegrino Libroia	Chairman of the Board of Statutory Auditors	1.1-31.12.2020	2022									
Fees in the company which draws up the financial statements				75,000	-	-	-	-	-	75,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**75,000**	-	-	-	-	-	**75,000**	-	-
Laura Gualtieri	Standing Auditor	1.1-31.12.2020	2022									
Fees in the company which draws up the financial statements				50,000	-	-	-	-	-	50,000	-	-
Fees from subsidiaries or affiliate companies				-	-	-	-	-	-	-	-	-
TOTAL				**50,000**	-	-	-	-	-	**50,000**	-	-
Paolo Lazzati	Standing Auditor	1.1-31.12.2020	2022									
Fees in the company which draws up the financial statements				50,000	-	-	-	-	-	50,000	-	-
Fees from subsidiaries or affiliate companies				28,000	-	-	-	-	-	28,000	-	-
TOTAL				**78,000**	-	-	-	-	-	**78,000**	-	-
Managers with Strategic Responsibilities	4 people											
Fees in the company which draws up the financial statements				1,100,000	-	263,350	-	59,583	-	1,422,933	700,308	-
Fees from subsidiaries or affiliate companies				1,182,891	-	200,710	-	127,614	-	1,511,215	690,653	-
TOTAL				**2,282,891** [4]	-	**464,060**	-	**187,197** [5]	-	**2,934,148**	**1,390,961**	-

NOTES:

1) Of which 50,000 Euro as a Director and 80,000 Euro as Chairman of the Board of Directors.
2) Of which 700,000 Euro as annual base salary, 98,030 Euro as expatriation allowance and 17,500 Euro as fee for non competition agreement.
3) Includes benefits part of the expatriation package (schooling/housing allowance).
4) Of which 2,170,451 Euro as annual base salary, 30,947 Euro as expatriation allowance and 81,493 Euro as fee for non competition agreement.
5) Includes benefits part of the expatriation package.

TABLE 3A: Incentive plans based on financial instruments other than stock options, in favour of members of the Board of Directors, general managers and other managers with strategic responsibilities

			Financial instruments assigned in previous years and not vested in the year		Financial instruments allocated in the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and to be allocated		Financial instruments accruing in the year
A	B	1	2	3	4	5	6	7	8	9	10	11	12
Full name	**Office**	**Plan**	**Number and type of financial instruments**	**Vesting period**	**Number and type of financial instruments**	**Fair value at the date of the assignment**	**Vesting period**	**Allocation date**	**Market price of the allocation**	**Number and type of financial instruments**	**Number and type of financial instruments**	**Value at the vesting date**	**Fair Value**
Valerio Battista	CEO and GM	Performance Shares 2020-2022			178,764	€ 2,706,844	2020 - 2022	28/04/2020	€ 16.95				€ 902,281
		2020 MBO deferral			26,351	€ 364,961							€ 121,654
Massimo Battaini	Executive Director	Performance Shares 2020-2022			75,839	€ 1,148,353	2020 - 2022	28/04/2020	€ 16.95				€ 382,784
		2020 MBO deferral			19,623	€ 271,779							€ 90,593
Pier Francesco Facchini	Executive Director	Performance Shares 2020-2022			63,921	€ 967,890	2020 - 2022	28/04/2020	€ 16.95				€ 322,630
		2020 MBO deferral			10,547	€ 146,076							€ 48,692
Fabio Romeo	Executive Director	Performance Shares 2020-2022			65,190	€ 980,107	2020 - 2022	28/04/2020	€ 16.95				€ 329,036
		2020 MBO deferral			10,757	€ 148,984							€ 49,661
Managers with Strategic Responsibilities	4 people	Performance Shares 2020-2022			241,092	€ 3,650,612	2020 - 2022	28/04/2020	€ 16.95				€ 1,216,871
		2020 MBO deferral			37,709	€ 522,270							€ 174,090

NOTE:
In accordance with applicable IFRS standards, Fair Value is calculated using € 13.85 for 80% of the shares granted at target level and € 13.54 for 20% of the shares granted at maximum level.

TABLE 3B: Cash incentive plans in favour of members of the Board of Directors, general managers and other managers with strategic responsibilities

(A)	(B)	(1)	(2)			(3)			(4)
Full name	**Office**	**Plan**	**Bonus for the year**			**Bonus for previous years**			**Other bonuses**
			Payable/ paid	Deferred	Deferred period	No longer payable	Payable/ paid	Still deferred	
Valerio Battista	CEO and GM	MBO 2020							
Fees in the company which draws up the financial statements			324,280						
Fees from subsidiaries or affiliate companies									
Massimo Battaini	Executive Director	MBO 2020							
Fees in the company which draws up the financial statements									
Fees from subsidiaries or affiliate companies			241,500						
Pier Francesco Facchini	Executive Director	MBO 2020							
Fees in the company which draws up the financial statements			129,800						
Fees from subsidiaries or affiliate companies									
Fabio Romeo	Executive Director	MBO 2020							
Fees in the company which draws up the financial statements			132,376						
Fees from subsidiaries or affiliate companies									
Managers with Strategic Responsibilities	4 people	MBO 2020							
Fees in the company which draws up the financial statements			263,350						
Fees from subsidiaries or affiliate companies			200,710						
TOTAL			**1,292,016**						

Scheme N.7 - ter

Table 1: Participation of members of the management and control bodies and General Managers

Full name	Office	Investee company	Number of shares owned at the end of the previous financial year	Number of shares assigned (1)	Number of shares sold	Number of shares owned at the end of the current financial year
Claudio De Conto	Chairman of the Board of Directors		-	-	-	-
Valerio Battista	CEO and General Manager	Prysmian S.p.A.	4.075.182	13.056	-	4.088.238
Paolo Amato	Director		-	-	-	-
Massimo Battaini (2)	Director	Prysmian S.p.A.	240.838	7.503	-	248.341
Joyce Victoria Bigio	Director		-	-	-	-
Maria Elena Cappello	Director		-	-	-	-
Monica De Virgiliis	Director		-	-	-	-
Pier Paolo Facchini	Director	Prysmian S.p.A.	285.527	5.040	-	290.567
Francesco Gori	Director		-	-	-	-
Mimi Kung	Director		-	-	-	-
Maria Letizia Mariani	Director		-	-	-	-
Fabio Romeo	Director	Prysmian S.p.A.	268.927	5.487	-	274.414
Pellegrino Libroia	Chairman of the Board of Statutory Auditors		-	-	-	-
Laura Gualtieri	Standing Auditor		-	-	-	-
Paolo Lazzati	Standing Auditor		-	-	-	-
Claudia Mezzabotta	Alternate Auditor		-	-	-	-
Michele Milano	Alternate Auditor		-	-	-	-

NOTES:
(1) These also include the shares assigned as part of the share-based participation plans.
(2) Shares partly held directly and partly held indirectly through his spouse.

Table 2: Participation of other Managers with Strategic Responsibilities

Number of managers with strategic responsibilities	Investee company	Number of shares owned at the end of the previous financial year	Number of shares assigned (1)	Number of shares sold	Number of shares owned at the end of the current financial year
4	Prysmian S.p.A.	327,329	22,029	51,545	297,813

NOTES:
(1) These also include the shares assigned as part of the share-based participation plans.