

HUMAN RESOURCES

To foster and develop the passion, motivation and competencies of its people. The Prysmian Group's human capital strategy is the basis of its competitive edge over competitors. Investing in human resources is to develop innovative ideas, products and services that can satisfy even the most demanding customers.

Over a period spanning more than **130 years**, the Prysmian Group has built its success and achieved important milestones thanks to the skills of its employees who, generation after generation, have been able to pass on to younger colleagues their values, experience and sense of belonging to the Group.

The **human capital strategy** of Prysmian seeks to pursue this path: fostering and shaping the passion, motivation and competencies of our employees into the real competitive edge over our competitors.

In line with the Group's objectives, the human capital strategy is underpinned by a number of pillars.

- The development and dissemination of a shared **common identity**: everyone must feel part of the team, contributing to a common project in which they believe.
- An inspiring model of **Leadership**: a management class of high moral and professional standing is essential for aspiring to ambitious goals and for achieving stable, long-term results.
- The **development and management of talent**: involving the right people in the professional challenges, knowing how to select them and developing and making the most of their skills; training them, challenging them and engaging them. These activities, like others, require planning and method in order to prime the Group to face the challenges of the future. The Group aims to create a "people pipeline" that will drive and support Prysmian's growth.
- The **ability to attract** the highest quality people on the market, by offering professional, intellectual and challenging career alternatives, that are dynamic but also able to offer attractive long-term prospects.
- The **development of an organisation** that, in terms of size, structure and processes, will allow the Group to compete effectively on the market.
- The importance of **internal communication and social relations**, key to managing a large organisation and being able to engage internal and external stakeholders.
- The **international and multicultural dimensions** of our workplaces, consistent with our industrial and commercial presence worldwide.

Leadership Alignment/Organisational efficiency

During 2013 the Group carried on consolidating the matrix

organisational model, introduced back in July 2011; it continued to perform analyses and take consequent actions intended to fully harmonise processes, optimise structures and effectively develop potential synergies arising from the Prysmian-Draka integration, leading to a progressive improvement in the level of management control.

From an organisational point of view, a series of analyses were carried forward in 2013 with the aim of optimising organisational structures, especially in the commercial area, in order to meet new market needs.

People Development: investing in people

During the year, Prysmian Group consolidated its employee training and development programme based on the following four initiatives: Graduate Program, Prysmian Group Academy, Talent and Succession Management and Performance Management.

Graduate Program is an international graduate recruitment and induction programme for placements in different business functions and geographical areas, created with the objective of helping to build the Group's management and professional team of the future. Launched in 2012, the selection process (involving online tests, group assessments and finally interviews with management) has attracted more than 5,000 applicants, from whom just 52 young people hailing from every continent were selected. In parallel, another recruitment campaign was initiated in 2013 to select around 50 young high-potential graduates for induction into Prysmian by the end of 2014.

Prysmian Group Academy is an international school for managers and professionals that has seen around 500 employees pass through its doors in 2013 and plans to see an equal number in 2014. This initiative not only accelerates the integration process - following the acquisition of Draka - and consolidates the Group's identity, but also aims to strengthen managerial skills and technical expertise, through the courses respectively provided by the School of Management and the Professional School:

- **School of Management**: set up in partnership with SDA Bocconi, it offers management training programmes that count towards earning an MBA and are structured according to the different types of user.

- **Professional School:** its intent is to transfer company know-how and consolidate technical skills, by spreading knowledge of the product portfolio and fostering the development of an internal network able to transfer knowledge from senior experts to more junior colleagues.

Talent and Succession Management is a process designed to improve the management of key people. The specific objective is to sustain the growth of the business over the long term by identifying, developing and retaining talent in possession of critical know-how, meaning those individuals with the essential knowledge and skills needed to assure the constant improvement of product quality, the expansion of markets, the management of customers and the acquisition of new business.

Performance Management, an important motivational tool for the individual, by appraising performance and improvement in performance. A pilot project was launched in 2012 for the gradual implementation of the new performance appraisal system, known as **Prysmian People Performance (P3)**. The project was fully rolled out in 2013. The new process, supported by a specific online system, is intended to introduce a Group culture based on the importance of constructive feedback, two-way communications with immediate superiors, the development of individuals and the recognition of merit based on objective criteria.

The Group is still facing a post-merger phase, and like in all businesses where technology is one of the core assets, Prysmian's know-how is often concentrated with certain owners of critical know-how. Facilitating the exchange of knowledge and best practices is a key issue and experienced workers are a critical component of this process: keeping the more senior workers fully on board is necessary for the creation and dissemination of the Prysmian Group's managerial culture.

Experience counts

It was on the above basis that in September 2013, the Prysmian Group Academy organised a survey, with the support and collaboration of SDA Bocconi School of Management, known as "Experience counts. Sharing the value of working experience", which involved around 750 employees aged 55 and over from 8 countries, particularly in Europe.

The questionnaire, translated into 8 languages, has allowed the Group to collect the opinions and suggestions of experienced employees in order to identify specific training and development initiatives. Such initiatives are planned to start in 2014 both at a Group and local level in order to strengthen the expertise and engagement of more senior employees.

International mobility

At the end of 2013, the Prysmian Group's expatriate population numbered about 100 people from 14 different nationalities (of whom slightly more than 50% were Italian and about 60% non-executive grade professionals), who have moved to 25 different destination countries. The importance of international mobility, confirmed by these figures, is what enables the Group to respond to the different needs and demands of the business:

- it allows the culture and values of Prysmian to be disseminated in all the Group's countries and in all its subsidiaries;
- it allows local organisational needs to be met by transferring managerial and technical know-how from one country to another depending on the various requirements;
- it represents an opportunity for the professional development of individuals, both to consolidate the skills of middle management, and to promote the growth of young talents.



As part of its ever greater attention to employees, in this specific case the expatriate population, in 2014 Prysmian will introduce a new programme of preventive health care for all its expatriates and their families. This programme has a dual purpose: on the one hand, a preventive one, pursued by encouraging the preservation of the health of the expatriate and their family members, on the other, a supportive one, pursued by assisting the expatriate and family members in managing any health problems that may arise during the period of expatriation.

Remuneration policies

The Compensation & Benefits policies adopted by the Prysmian Group are designed to attract and retain talented individuals with the necessary skills for achieving the business objectives, and to motivate management to perform even better in accordance with the corporate culture and values.

These policies are defined and implemented centrally for the Executive population, while such activities are delegated to the local level for the rest of the population.

In line with best market practice, the remuneration packages of the Group's executives in 2013 have been structured to contain a significant variable proportion, i.e. performance-related.

In fact, all the Group's Executives participate in the MBO (Management by Objectives) plan under which an annual incentive is paid upon meeting specific business and/or functional and/or individual objectives defined in accordance with the annual business plan. Executives also participate in the Long-Term Incentive plan (LTI) launched in 2011, based on the achievement of three-year targets. This plan has been designed so as to be consistent with the interests and expectations of investors, to ensure the sustainability of the business in the long run and to promote the retention of resources within the Group.

In the interests of continuity with the past, and convinced of the importance of linking executive remuneration to company short-term as well as long-term results, Prysmian Group will structure a new long-term incentive plan in 2014 that will be submitted for shareholder approval.

Group employee share purchase plan (YES Plan)

In 2013, Prysmian Group launched a stock purchase plan (YES - Your Employee Shares), with the aim of making all employees feel even more part of the great Prysmian family by making them owners of a small part of the business. Participation in this plan in the first year of launch has exceeded expectations - more than 30% of all employees signed up to it (in some countries, participation exceeded the 50% mark), confirming the great engagement of employees and their great confidence in the business's future.

Social and internal relations

Restructuring initiated in the wake of the Draka acquisition entered a phase of consolidation during the year, while ongoing actions were taken to rationalise and reduce costs in response to the particular economic circumstances. All these operations were conducted in compliance with local laws and with the agreement of the social partners concerned, including through the use of the most advanced management tools. The new European Works Council for the Prysmian Group came into operation in 2013; it held two meetings, in May and December respectively, during which the main trends in the Group's business in the current market situation were discussed.

For a more detailed understanding of the Prysmian Group's commitment to human resources, please refer to the 2013 Sustainability Report.

