

# GLOBAL COMPLIANCE POLICY



Prysmian  
Group

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## **Message from the Group Chief Executive Officer**

"Dear Colleagues,

We all share the aim of providing our customers with highly innovative cable solutions and vital connections that ensures energy and information is carried effectively and efficiently, everywhere. But we can only succeed if we seek to uphold the highest standards of fair and ethical practice in every action we take, every day, across all 50 countries and in every business in which we are active. Expectations toward companies from society are increasing.

Prysmian Group places integrity first and values the trust of its customers, employees, shareholders, and other stakeholders as prerequisites for its business activities. This applies equally to everyone within the Group – to employees as well as to the Board of Directors - as stated in our Code of Ethics.

In order to build and formalize Compliance awareness within the Group, Prysmian has established a Compliance Management System and defined this Global Compliance Policy that represent a reference guide for all the employees in complying with applicable laws, rules and regulations, in order to prevent any compliance risk.

Prysmian Group recognizes compliance to laws and regulations not as a mere fulfillment of regulatory requirements. What counts is that each of us is truly convinced of the importance of always acting in accordance with the principles described within the present Policy."

## **Message from the Group Chief Compliance & Audit Officer**

"Dear Colleagues,

Ethics influences our way of working and taking decisions, has an impact on our stakeholders and customers. It has an effect on our reputation, and it is the most important aspect we must preserve. If customers trust us, they will do business with us.

Therefore, our behaviors influence business positively if we have a compliant and ethical conduct, negatively otherwise. Ethics in the conduct of business activities must be pursued at the same time and with equal emphasis as the economic success of the business. When it comes to ethics, no challenge is too big, or too small, if it means doing things right.

The new "Prysmian Compliance Ecosystem", based on the "Integrity First" Program, is aimed at reinforcing our integrity culture and includes a series of issues and concrete behaviors that it's essential they become part of our DNA, as Prysmian Group employees.

In fact, to successfully elevate compliance management to a strategic advantage, compliance must be embedded in the Group's culture, which is founded on the individual behavior of each employee across an organization.

Each employee is responsible for protecting our most valuable asset: OUR REPUTATION.

Keep in mind that 'Compliance is an all together job'."

## 1. Purpose and Scope

### 1.1 Background

Prysmian Group's global presence (50 countries, 82 plants and about 30,000 employees) leads to great challenges, including the ability to practice honesty and integrity in fulfilling its responsibilities and to comply with different applicable laws and regulations. As a company that operates in an ethically and legally correct manner, Prysmian's image and reputation is inseparable from the appropriate conduct of each of its employees. Given the strategic relevance of our reputation, the Group has adopted over time the following measures, with the purpose of setting and maintaining a strong compliance culture across the organization:

- The Code of Ethics, which represents the bedrock of our global compliance framework, setting the basic principles of compliance behaviors.
- The Group Compliance Function, set up by the Board in 2016, whose mission is to carry out the design and maintenance of the Group Compliance Programs.
- This Global Compliance Policy, approved by the Board, that introduces the Group Compliance Governance Model and describes key processes and elements of our global Compliance Management System.
- Compliance Policies and Procedures, which complete the Code of Ethics and Global Compliance Policy by addressing specific compliance topics and related rules.

The above global compliance framework shall be reviewed and updated when needed, considering Prysmian's business environment.

### 1.2 General Principles and Compliance Obligations

Effective compliance depends on behaviors of each employee - at Group, Business Unit (BU), Region and Country level - who shall cooperatively and positively undertake the Compliance Programs. All Prysmian's employees have therefore the following responsibilities:

- rigorously adhere to the high standards of integrity, lawfulness, transparency, honesty and loyalty outlined in the Code of Ethics;
- recognize that Compliance is necessary to maintain Prysmian's reputation for quality and integrity;
- take ownership of Compliance, i.e. understand, implement and adhere to Group Compliance Policies and Group / Local Compliance Procedures;
- notify to appropriate functions compliance weaknesses;
- participate in compliance training in a timely manner.

Any violation or suspected violation shall be immediately disclosed to a supervisor and to the Compliance Functions, as described in the following paragraphs as well as in accordance with the Group "Whistleblowing Policy".

### 1.3 Objectives and Scope of Application

The objective of this document is to describe the governance and operating model adopted by Prysmian Group in order to address compliance management processes and responsibilities. Compliance, for the purpose of this Policy, is defined as the adherence to laws, regulations, Code of Ethics and internal Policies and Procedures which address specific compliance topics. The Policy applies to Prysmian Group and all its subsidiaries. Compliance is a shared responsibility between Prysmian and its Business Associates. Each Business Associate is responsible for understanding and following the ethical, legal and other compliance standards that apply to its own daily work, and for seeking guidance on compliance matters when necessary.

## 2. Policy Owner and Where to Go for Help

### **Policy Owner:** Group Compliance Department

The Group Compliance Department is responsible for periodically reviewing and updating this policy to reflect regulatory, best practices and business developments.

### **Where to Go for Help:**

Questions or concerns regarding violations or potential violations of the Prysmian Group Code of Ethics should be addressed to your regional Compliance Representative, your local HR Business Partner, or the Group Compliance Department. In addition, you may solicit guidance through the Prysmian Group Helpline via e-mail, phone or web, see the Prysmian Group Helpline Policy for contact details.

## 3. Your Responsibilities

This policy requires you to:

- (a) Read and understand this policy;
- (b) Comply with the Prysmian Group's Code of Ethics;
- (c) Ask questions or report any concerns related to this policy; and
- (d) Provide input to policy owners for enhancements or revisions to Compliance policies.

## 4. Compliance Governance Model

Prysmian recognizes that compliance must be related to the business operation of the entire Group, on an enterprise-wide basis. For this reason, the Group's Compliance Governance Model is based on the following levels of oversight and control:

- Management (Group and Local): also known as "Primary Compliance Owners", they act as first line of defense for the implementation of the Group CMS in their areas of responsibility;
- Compliance Functions (Group / Local / SME): act as second line of defense, supporting Management in designing and implementing Compliance Programs and monitoring their effectiveness over time. The Group Compliance works with both Local Compliance and Compliance SME to cover specific compliance topics at both Group and Local level;
- Group Internal Audit: acts as a third line of defense, providing an independent assurance on the adequacy of the Global Compliance Programs.

Board of Directors and Top Management have an oversight role over the implementation of the Group CMS. In this respect, the Board validates high-risk compliance priorities, approves the related Group Compliance Policies and ensures that appropriate resources for effective Compliance Programs are allocated and assigned. Top Management ensures that an effective Group CMS is established, implemented, maintained and reviewed to adequately address non-compliance risks.

### 4.1 Group and Local Leadership Responsibilities

Management is responsible for setting the appropriate "Tone at the Top" in their own department / organizational units, and is responsible for establishing and maintaining day-to-day compliance procedures and controls. Management's responsibilities include:

- Ensuring, in coordination with the Compliance Functions, that compliance risks are appropriately considered and addressed when implementing new business activities, or when making changes to systems, business processes and operating procedures;
- Monitoring the implementation of the CMS in the areas of their own responsibility;

- Adhering to and implementing policies, procedures and controls designed to ensure compliance with laws, regulations and Code of Ethics;
- Supporting the Compliance Functions in assessing non-compliance risks;
- Monitoring compliance training requirements, ensuring that all personnel is adequately informed and trained about compliance topics;
- Informing on alleged claims and / or potential compliance issues to appropriate Compliance Functions.

## 4.2 Group Compliance

Group Compliance supports Management at various levels ensuring that Prysmian Group and its subsidiaries comply with applicable laws and regulations' requirements and the Code of Ethics. Its mission is to build and disseminate a strong compliance culture across the organization, undertaking the following key responsibilities:

- Identify laws and regulations which might impact the Group risk profile, with the support of Local Compliance / Compliance SME and the Management;
- Support Management in identifying and mitigating non-compliance risks, in coordination with the Group Chief Risk Officer;
- Carry out and oversee the design and update of Group Compliance Programs;
- Establish, review and update Group Compliance Policies and Procedures;
- Provide guidance to personnel on the Group CMS;
- Monitor the correct implementation of the Group CMS, in coordination with Internal Audit;
- Establish and maintain appropriate compliance training and communication programs, in collaboration with HR Department;
- Analyze non-compliance issues and risks reported by anyone, inside or outside the organization, informing the Board / Top Management, as appropriate;
- Support relevant functions in conducting compliance due diligence processes, as appropriate;
- Coordinate and supervise Local Compliance Functions.

## 4.3 Local Compliance / Compliance Subject Matter Expert (SME)

Group Compliance establishes Local Compliance Functions for relevant Regions and Countries, that shall support local Management to implement Compliance Programs. Moreover, Group Departments or Subsidiaries may have Compliance SME within their organizational structure to oversee specific matters. Compliance SME play an important role within Group CMS and closely collaborate with Group and Local Compliance, as necessary. Local Compliance and Compliance SME's specific responsibilities include:

- Monitoring laws and regulations changes in their areas of responsibility;
- Establishing and updating local compliance procedures as needed;
- Conducting and / or supporting compliance risk assessment activities;
- Monitoring the implementation of Compliance Programs in their areas of responsibilities;
- Reporting on compliance issues / risks to Group Compliance;
- Supporting Group Compliance and the Management to conduct compliance due diligence activities.

## 4.4 Group Internal Audit

Group Internal Audit supports Group Compliance to accomplish its objectives by evaluating the effectiveness of internal controls relevant for compliance purposes, performing audit activities on Compliance Programs and informing Group Compliance about audit results. Group Internal Audit supports Group Compliance for the analysis and investigation of non-compliance issues reported by anyone, inside or outside the organization, according to the "Prysmian Group Helpline Policy".

## 5. Compliance Management System (CMS)

The Group CMS is composed of the following elements, that should be implemented with regards to any relevant compliance topic:

- Inventory and update of regulatory requirements;
- Compliance risk identification and assessment;
- Compliance Policies and Procedures;
- Communication and training;
- Information flows;
- Whistleblowing and investigations;
- Audit;
- Disciplinary measures; and
- Continuous improvement.

### 5.1 Inventory and Update of Regulatory Requirements

A periodic inventory and update of regulatory requirements shall be performed by Group Compliance, with the support of Local Compliance / Compliance SME and the Management, in order to (i) monitor any changes in applicable laws and regulations relevant for the business, (ii) identify and assess new risks, (iii) update, when needed, existing Compliance Policies and Procedures and (iv) address new or additional communication and training initiatives.

### 5.2 Compliance Risk Identification and Assessment

A compliance risk assessment and monitoring process shall be periodically performed by Management, with the support of Compliance Functions (as appropriate), in order to define appropriate risk mitigation initiatives. In carrying out this activity, Compliance Functions shall take into consideration the results of enterprise risk assessments performed by the Group Chief Risk Officer.

### 5.3 Compliance Policies and Procedures

Ethic principles and values stated by the Code of Ethics are supplemented by detailed policies and procedures providing instructions for employees on how to handle specific circumstances. Behavioral rules and internal controls set by Compliance Policies and Procedures represent the heart of Prysmian's Compliance Programs. These rules are applicable to all employees and are available on the Prysmian intranet.

Periodic monitoring of Compliance Policies and Procedures shall be performed by Group Compliance, with the support of Local Compliance / Compliance SME, in order to ensure their alignment with local regulatory requirements as well as business activities. Local Compliance and/or Compliance SME shall assist local Management in implementing further Compliance Procedures (i.e. operational instructions) applicable at local level, as needed.

### 5.4 Communication and Training

Compliance communication and training is essential to develop and foster a culture of compliance across the organization. Building awareness and understanding of compliance to laws, regulations, Code of Ethics and Compliance Policies and Procedures across the Group is a major goal of the CMS and shall be developed, at multiple levels, in cooperation with Local Compliance / Compliance SME, HR Department and the Management.

### 5.5 Information Flows

The compliance reporting system shall be managed through the following information flows, based on formats and frequency defined by Group Compliance:

- Management shall provide Compliance Functions with information on the following:
  - Compliance risks related to their areas of responsibilities

- Alleged claims / potential compliance issues
- Compliance training needs on specific topics
- Local Compliance / Compliance SME shall provide Group Compliance with information related to:
  - Changes in applicable laws and regulations
  - Compliance risks and emerging issues
  - Status of compliance training initiatives
- Group Internal Audit shall provide Group Compliance with information related to:
  - Compliance internal audits results
  - Action plans status on compliance issues
- Group Compliance shall provide the Board and Top Management with periodic information related to:
  - Compliance risks and emerging issues relevant for the Group
  - Relevant control weaknesses and related mitigation initiatives
  - Status of Group Compliance Programs' developments and implementations

As a general rule, any relevant compliance issues and violations shall be reported to Group Compliance in a timely manner

## **5.6 Prysmian Group Helpline and Investigations**

Whistleblowing rules are defined in the Prysmian Group Helpline Policy, that applies to anyone conducting business on behalf of Prysmian Group S.p.A. or any of its subsidiaries.

The Helpline Policy is intended to encourage covered parties to raise serious concerns within the Group about situations of business ethics' violations as outlined in the Code of Ethics, financial and accounting fraud, breach of the internal control system, harassment, intimidation or discriminatory behavior to employees or third parties or serious risk that could threaten their colleagues, the general public, customers or the company's reputation. No covered parties who in good faith report a violation shall suffer retaliation.

Prysmian encourages employees to communicate any concerns about wrongdoing and malpractices to their Managers first or directly to the Local / Group Compliance, as appropriate.

Group Compliance, with the support of Group Internal Audit, carries out investigation activities in relation to available information, which allow for the identification, analysis and evaluation of any elements that can confirm the reported facts.

## **5.7 Internal Audit**

Group Internal Audit, in coordination with Group Compliance, shall develop and maintain appropriate procedures to assess the adequacy and operating effectiveness of key aspects of the CMS.

Compliance-related internal audits shall be periodically conducted for each relevant site and subsidiary. The remediation plans agreed with Management shall be monitored by Group Internal Audit, in cooperation with Group Compliance

## **5.8 Disciplinary Measures**

Based on investigation results, HR Department is responsible for taking appropriate disciplinary action against employees who are found to have engaged in misconduct, in accordance with relevant regulations.

## **5.9 Continuous Improvement**

Prysmian's compliance efforts shall be constantly monitored by the Board and Top Management.

The CMS shall consider leading and best practices to ensure continuous improvement of Prysmian's compliance processes. The identification of control weaknesses and the implementation of appropriate remediation actions / initiatives is part of the Group compliance reporting.

Continuous improvement of Compliance Programs shall affirm the ambition to meet the highest standards in managing global activities, in an "ethical and legal" correct way.

## **6. Reporting a Policy Violation**

As a Prysmian Group employee, you are obligated to report any Policy violation, either real or suspected, to:

- Your Regional Compliance Leader OR
- Prysmian Group Helpline

Prysmian Group does not tolerate retaliation. You will not be adversely impacted, either personally or professionally, for raising a valid and legitimate concern.

## **7. Related Policies**

The following Policies are related to the Prysmian Group Helpline Policy and must be consulted by all Prysmian Group employees for further guidance. These Policies are available in the [Ethics & Integrity Homepage](#).

- a. Prysmian Group Code of Ethics
- b. Anti-Corruption
- c. Prysmian Group Helpline
- d. Gifts and Entertainment
- e. Third Party Program
- f. Conflicts of Interest

### **Revisions to this policy:**

This policy may be revised periodically to ensure it is consistent with changes in Prysmian Group's operating environment, legal and regulatory requirements and changes in the business. Ensure you have the latest version of this policy by checking the Prysmian Group Ethics & Integrity Homepage.

**Policy Approved by: Prysmian S.p.A. Board of Directors**

**Release date: 12 November 2019**

## Appendix 1 - Definitions

- **Board**: The Board of Directors of Prysmian Group
- **Business Associate**: Any external party with whom the organization has, or plans to establish some form of business relationship
- **Code of Ethics**: The Code of Ethics adopted by Prysmian Group and its subsidiaries
- **Compliance Management System (CMS)**: The overall infrastructure composed of processes, policies and procedures, people and organization, reporting, methodologies, systems and data that enable the Group to: (i) comply with applicable laws and regulations and the Code of Ethics, (ii) build a strong compliance culture, (iii) continuously improve existing Compliance Programs
- **Compliance Governance Model**: The framework which addresses the role of the Board, the Top Management, the Management, the Compliance Functions and all key employees of the organization within the overall CMS
- **Compliance Program**: The set of rules, policies, procedures, and tools adopted at Group and/or Local level to comply with specific standards and/or laws and regulations' requirements (e.g. Antitrust, Anti-bribery & Corruption, Trade Compliance)
- **Group**: Prysmian Group and its subsidiaries
- **Group Compliance Policies**: The set of basic principles and associated governance guidelines, formulated and enforced by the Board to direct and limit actions, with the purpose of complying with applicable laws and regulations and the Code of Ethics
- **Group / Local Compliance Procedures**: The set of more detailed operating rules defined and implemented at Group and / or Local level to drive activities which are relevant from a compliance perspective
- **Group Compliance**: Group Compliance Function that acts at Global level Local Compliance Regional and / or Country Compliance Managers that act at Local level Compliance Subject Matter Expert (SME) Organizational unit with specific compliance knowledge and competencies (e.g. Tax, Antitrust, Trade Compliance) that, as part of Departments different from the Group / Local Compliance Function, oversees and/or manage specific compliance topics at Group and/or Local level
- **Management**: Any person identified as Head of Group Function, BU, Region or Country
- **Top Management**: Group CEO and his / her direct reports