

## ETHICS AND INTEGRITY AT THE BASE OF BUSINESS DEVELOPMENT



The sustainability strategy adopted by the Prysmian Group is founded on a system of values that mark the behaviour of individuals both within and outside the organisation. **The Code of Ethics** establishes the principles for all to follow, consistent with the vision and mission of the Group. Acting as a veritable guide to daily behaviour, the Code of Ethics plays a strategic role for the Group as a tool for preventing irresponsible or illegal conduct by those who work in the name and on behalf of Prysmian. The values and principles expressed in the vision, mission and values of the Group are integral to this document. The Code of Ethics lives and evolves with the development of the business in the competitive world. It is always open to receive and accept requests for legality and propriety expressed by any group of Prysmian stakeholders.

The Code of Ethics complies with international best practices and adopts the principles embodied in the UN Universal Declaration of Human Rights and the Fundamental Conventions of the International Labour Organisation (ILO).

With a view to managing the issues of corruption and unfair competition, Prysmian has adopted an *Anti-Bribery Policy* and an *Antitrust Code of Conduct*, as part of the Group's Compliance Policies.

These policies are published on the Group's website and on the corporate intranet, while updates are communicated to all Group employees.

In 2016, the Group adopted a *Whistleblowing* procedure in line with the main ethical and compliance best practices (see below) and, in 2017, the policies were reviewed and updated.

The Code and the above policies reflect a common and shared approach to business, honest, ethical and compliant with all current laws and regulations, which must be respected by all Group employees wherever they work and live around the world. It is fundamental, in fact, for all employees to take responsibility for their daily work and accept personally, with conviction, the spirit of the Code.

### CODE OF ETHICS

***"The Code of Ethics represents the Group's "Constitution", being the charter of rights and moral duties that defines the ethical-social responsibilities of each participant in the organisation".*** The structure of the Prysmian Group's Code of Ethics, in its latest version of 1 March 2017, is founded on three pillars:

- Ethics in business activities: the profit motive does not justify improper behaviour. Profit must be achieved by respect for the rules and competitors, and by fair and transparent actions that anticipate and meet market needs, thus generating value for distribution to all stakeholders.
- Ethics in internal relations: the Group is aware of the importance of our ties with employees, which are strengthened by respecting their rights, expectations and needs, and by facilitating improvement in their living conditions and professional growth. The individual is central to all activities, as the engine for future development;
- Ethics in environmental and social matters: given our strong belief in the principle of sustainable development, the Prysmian Group operates worldwide with respect for the environment and local communities; at the same time, we encourage the responsible use of resources and promote local projects designed to enhance well-being in the areas concerned.

All companies within the Prysmian Group agree to comply strictly with the Code of Ethics, applicable regulations and the rules and procedures adopted from time to time by the Group. In order to ensure the widest possible distribution of its contents, the Code of Ethics - available in the 26 languages used by the Group - is also published on the Company's website, [www.prysmiangroup.com](http://www.prysmiangroup.com).

## **ANTI-BRIBERY POLICY**

The Group's business model, with a global presence in over 50 countries and a high diversification of product applications, requires a continuous interface with numerous third parties (suppliers, intermediaries, agents, and customers). In particular, in the Energy (submarine and high voltage) and Oil & Gas businesses, the management of large international projects requires the maintenance of commercial relations even in countries with a potential risk of corruption (as per Corruption Perception Index<sup>10</sup>), often through local commercial agents and public officials.

The Prysmian Group has therefore implemented a series of actions aimed at managing the issues of corruption on a preventive basis; first of these, the adoption of an Anti-Bribery Policy that prohibits both the corruption of public officials and the corruption of private individuals and requires Prysmian's employees to abide by it, as well as to observe and comply with all anti-corruption legislation in force in the countries in where they are employed or active, if these are more restrictive.

No employee may make, promise to make, offer or approve the payment of anything of value, whether directly or indirectly, for the benefit of public officials.

In particular, the term "public officials" means the employees of a public agency or company controlled by the government, including commercial entities, or international public organisations, political parties or party officials or candidates for public office.

Specific actions to prevent corrupt practices within the Group include:

- Mandatory due diligence to be performed during the agent selection process (before signing the contract) and updated every 3 years, in accordance with Group policy.
- Supply of periodic information from each area to the Supervisory Body, pursuant to Decree 231/2001. These areas comprise:
  - New Prysmian agents;
  - Results of due diligence;
  - Commission payments above a certain threshold.
- E-learning (training and testing) activities for compliance with the anti-bribery rules applicable to all Group personnel. In particular, it should be noted that, during 2017, specific classroom training sessions were held aimed at the Group's sales force, organised in collaboration with external lecturers and legal consultants. At the same time, e-learning sessions are being published on the company intranet. In 2017, 82 White Collar employees were trained in compliance and anti-corruption through online courses and 120 White Collar employees through classroom courses.
- Implementation of ACL tools, with the definition of a number of key indicators for the "General/Ledger" and "Accounts Payable" processes. The system can also be used to monitor the high transaction risks associated with agents.
- Implementation of a central database of all agents, in order to guarantee the collection and filing of agency contracts, so that specific checks can be carried out on the related payment transactions. In 2017, the Prysmian Group, in line with the objectives set in 2016, decided to further strengthen the monitoring and central focus on compliance issues by launching an Anti-Bribery Compliance Program inspired by the guidelines set by the ISO 37001: 2016 "Anti-bribery management systems". This program, in

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<sup>10</sup> The Corruption Perception Index (CPI) is an indicator published annually by Transparency International, used to measure the perception of corruption in the public sector in various countries around the world

addition to giving greater control over the management of the risk of corruption, is also aimed at minimising the risk of being subject to sanctions following the commission of corruptive offenses by employees or third parties. The core of the ISO 37001 standard, as is known, is the control of third parties (suppliers, intermediaries, agents and customers) through a due diligence system aimed at bringing out any critical or negative events that undermine the reputation of third parties with whom the Prysmian Group interacts.

## **ANTI-TRUST REGULATIONS<sup>11</sup>**

Competition law on restrictive practices and the abuse of dominant positions now plays a central role in governing the activities of firms operating in all sectors of economic life. Prysmian's strong international presence in more than 50 countries subjects the Group to the competition regulations in force in Europe and in all other countries in which we operate. Each of these is more or less demanding in terms of the civil-administrative responsibilities and criminal penalties imposed for violation of the applicable laws. Over the past decade, the various local anti-trust authorities have dedicated increasing attention to the business activities of market players and, furthermore, have showed a greater propensity for international collaboration amongst themselves. Prysmian, potentially exposed to the risk of being involved in conduct that could be considered anticompetitive and could consequently result in extremely high economic sanctions with negative repercussions on the reputation and credibility of the Group's governance system, intends to operate on the market in compliance with the regulations competition protection.

Consistent with the priorities defined in the ERM process, the Board of Directors has adopted an Anti-trust Code of Conduct that all directors, executives and employees of the Group are expected to know and comply with in the performance of their duties and in relations with third parties. In addition, during 2017, Prysmian has introduced an anti-trust training programme - Integrity First - designed to increase awareness among those who work in the name and on behalf of the Group, so that during their activities they comply with the rules safeguarding competition. The Antitrust Code of Conduct, which is an integral part of this training programme, seeks to describe the issues relating to the application of Italian and EU competition policy with regard to cartels and the abuse of dominant positions. The specific situations arising must be assessed against this framework on a case-by-case basis. This action, stimulating knowledge and making individuals more aware of their professional duties and responsibilities, represents a further step in establishing an "anti-trust culture" within the Group.

## **CUSTOMER PRIVACY**

In the current context, which sees a continuous globalisation of the business, a proliferation of channels and access to information as well as an increase in the volume and types of data managed, Prysmian has the possibility to create new opportunities and new services, but, at the same time, it is experiencing increasing complexity in the governance of data and in compliance with international regulations, as well as in the growth of potential threats to the requirements of confidentiality, integrity and availability of information.

It therefore becomes essential to approach the management of information and data considered confidential or sensitive, not exclusively as a compliance problem - as described in the Group Annual Report, in the section Risk Factors and Uncertainties - but also as a security problem and a business priority.

The personal data management model adopted by Prysmian is based on three fundamental elements that have an impact on the entire corporate structure:

- development of a "data centric" model;
- definition of a roadmap for compliance with applicable legislation on the protection of personal data;

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<sup>11</sup> Further information is available in the 2017 Annual Report.

- implementation of organisational and technological protection measures.

The fact that to date Prysmian has not had to handle justified complaints in this area or cases of loss of personal data is undoubtedly an excellent starting point for the adoption of the defined model.

### **THE WHISTLEBLOWING PROGRAMME: INTEGRITY FIRST**

As part of its commitment to ethical and legal behaviour, Prysmian invites all the Group's stakeholders to report any real or apparent violations of the law, the Code of Ethics, or of ethical standards, so that they can be examined and dealt with appropriately. In order to meet this requirement and in order to create the necessary conditions of confidentiality, security and ease of reporting, Prysmian has adopted the Whistleblowing policy by offering to all (employees or not) the possibility of sending the Company reports, also on line and anonymous, related to incorrect behaviour and alleged illicit activities that might occur within the organisation. This process implements two channels for the collection of reports, comprising dedicated telephone lines and a web portal, that are both managed by independent operators and available in the 26 languages used by the Group.

The system of values adopted by the Prysmian Group guides the conduct of individuals both within and outside the firm. This system is documented in the Code of Ethics, which establishes the principles to be followed by all and represents an effective tool for preventing irresponsible or illegal conduct by persons who work for and in the name of Prysmian. In line with international best practices, the Prysmian Group has also adopted a system for collecting and managing reports of any irregularities or alleged violations of regulations and / or company policies and procedures (so-called "*Whistleblowing*"). Specifically, the *Whistleblowing policy* offers everyone (whether employees or not) the opportunity to submit reports to the Group, also online and in anonymous form, about improper conduct and alleged illegal activities that might occur within the organisation. To this end, two channels were implemented for the collection of reports, comprising dedicated telephone lines and a web portal, which will both be managed by independent operators and available in the 26 languages used by the Group. A *Whistleblowing* Committee has also been established, which evaluates the reports, conducts specific investigations and, if necessary, takes appropriate measures.