

PRYSMIAN TAX STRATEGY

Within its exclusive and non-delegable authority for examining and approving Company's and the Group's strategic, industrial and financial plans, its governance system and the corporate structure of the Group, Prysmian S.p.A. Board of Directors approves Group Tax Strategy, defined by Group CEO, supported by Group Tax Director.

Objectives

Prysmian tax strategy is focused on ensuring that taxes and tax risks are managed consistently with Group's strategic and commercial objectives, and that

In line with the fundamental values set forth by its Code of Ethics, Prysmian intends to pursue a tax strategy grounded on the principles of honesty, fairness and compliance with applicable tax law, and to ensure relationships with Tax Authorities and third parties are based on a co-operative and transparent conduct, in order to minimize any substantial impact in terms of both tax and reputational risk.

The Tax Strategy is a fundamental element of and has inspired the adoption of Prysmian Tax Control Framework (TCF)¹, a system designed for the Italian legal entities of Prysmian Group, with the aim of detecting, measuring, managing and control tax risk, defined as "the risk of operating non in compliance with tax rules or in contrast with the aims and principles of the tax system".

Applicability

Following the approval of Prysmian S.p.A. Board of Directors, Prysmian Tax Strategy directly applies to all the legal entities directly or indirectly controlled by Prysmian S.p.A.

For controlled Italian legal entities in Co-operative compliance ("Adempimento Collaborativo") regime, a specific resolution to be adopted by their boards of directors is required for the adoption of Tax Strategy.

¹ See OECD (2016), Co-operative Tax Compliance: Building Better Tax Control Frameworks, OECD Publishing, Paris.

Principles and guidelines provided by Group Tax Strategy apply globally to all tax relevant aspects of Prysmian operations, with regard to both direct and indirect taxes (including Custom duties and Excise duties) management.

Fundamental Principles

Prysmian Group's tax strategy is centered on the following key concepts:

- **Compliance** - observing applicable tax laws, rules, regulations and official guidelines issued by the Tax Authorities;
- **Legality** - ensuring that each companies of the Group fulfils its tax obligations with regards to the administration and payment of all taxes;
- **Sustainability** - managing tax affairs in an efficient, effective and sustainable manner, in order to support Prysmian business activities and, as with all other aspects of Group business operations, to maximize shareholder value;
- **Fairness** - applying diligent professional care and judgment to ensure all decisions on tax matters are in line with national and international *best practices*, well-analyzed and properly documented;
- **Trust and Transparency** - acting positively and transparently towards Tax Authorities in order to develop and sustain fair and honest working relationships.

Guidelines for the implementation of the Tax Strategy

To support the effective application of the above mentioned principles, Prysmian Tax Strategy is deployed through the following guidelines.

Continuous exchanges of information

Prysmian tax strategy is focused on ensuring that taxes and tax risks are managed consistently with Group's strategic and commercial objectives, and that all tax obligations are complied with. For these purposes, in addition to its ordinary involvement in routine transactions, Tax Department shall be involved when extra-ordinary or non-ordinary operations, with potential impact on taxes, may occur.

"Extra-ordinary transactions" are those deriving from events outside normal operations (e.g.: M&As and process reorganizations). "Non-ordinary transactions" are those within normal operations but with a content of novelty that may prevent them from being effectively managed within existing process flows / procedures (e.g.: issuance of new financial instruments, start of a new Tax Inspection, entering business in a jurisdiction where Prysmian has had no previous operations).

Tax planning

Prysmian understands that collecting and paying taxes is an important contribution to the economies and societies in which it operates and therefore, the Group recognizes the obligation to pay due taxes in accordance with the purpose of the tax system; on the other hand, Prysmian recognizes that taxes are costs which need to be managed. As a consequence, the Group will apply for and exploit the potential benefits deriving from tax incentives offered by governments, when all the necessary conditions are legitimately met.

As a general rule, Prysmian does not undertake transactions for the sole purpose of obtaining a tax benefit, does not use tax schemes involving tax haven jurisdictions for tax avoidance purposes, does not seek tax rulings related to harmful preferential tax regimes and does not use artificial arrangement for the purposes to obtain a tax benefit; transactions are entered into for business purposes or commercial rationales only.

Prysmian applies the applicable tax law and principles and recommendations concerning tax matters established by the relevant tax authorities and OECD, particularly as regards managing intra-group transactions at arm's length conditions.

Remuneration and incentive schemes for Prysmian Directors and employees are not linked to undue reductions in the tax burden. Prysmian undertakes to discourage management and staff from making unethical choices or not compliant with applicable laws and regulations. In line with the provisions of our Code of Ethics, violations of these principles will be grounds for serious disciplinary action.

Tax risk mitigation

In complex multinational Groups – like Prysmian - Tax management can involve a number of uncertain cases, where a transaction may be subject to a not unique qualification for tax purposes. In this case, the Group will apply the treatment deemed more correct and appropriate from a tax standpoint, taking into due consideration the legitimate tax savings and opinions obtained by tax experts and in accordance with the *best practices*. Prysmian will be committed to support reasonable and solid interpretation, ensuring the adoption of all necessary precautions to prevent any reputational damage to the Group.

Non ordinary and extra-ordinary business decisions may have tax impacts to be considered beforehand. Decision owners shall involve in due time Tax Department for tax impacts assessment and trigger consequent appropriate escalation levels (up to Prysmian Group Top executives or Board of Directors) for approval purposes.

Transparency and Relations with Tax Authorities

It is Prysmian's general policy to be transparent and proactive in the relations with Tax Authorities. The Group has an open, honest and positive working approach with the Tax Authorities. It is committed to prompt disclosure and transparency in all tax matters and when different legal interpretations apply on a specific case, Prysmian engages in proactive discussion, also thorough the ruling procedure, to reach - before tax returns filing - a common understanding and a shared assessment of the treatment of specific transactions or situations that might generate tax risks.

In this direction of openness and cooperation with the Tax Authorities, already starting from fiscal year 2010, the Company opted to fully disclose transfer pricing policy to the Tax Authorities also for previous years starting from 2007². Prysmian commits to assume a collaborative approach and engage transparent behaviors, to promptly and exhaustingly respond to Tax Authorities' requests.

In turn, Prysmian Group can expect an open and collaborative attitude from Tax Authorities, aimed at building a truly enhanced and co-operative relationship. The ultimate goal is to gain greater certainty and an earlier resolution of tax issues with less extensive audits and lower compliance costs.

Tone at the top

With the approval of the Tax Strategy, Prysmian Board of Directors commits itself to overseeing its proper implementation across the Group and the effective implementation of TCF Model and Governance within Legal Entities in Co-operative Compliance. Prysmian Board of Directors is in charge of examining periodic reports and relations on TCF status that, in line with applicable laws and regulations, may be shared with Italian Revenue Agency, upon specific request.

Moreover, Prysmian Board of Directors assumes the responsibility for fostering a corporate culture respectful of the principles and guidelines set forth by the Tax Strategy and for taking the necessary actions in case of violations of said principles and guidelines, in accordance with the provisions of Prysmian Code of Ethics.

Compliance Culture

Prysmian promotes a business culture inside its organization inspired by honesty, impartiality and tax compliance for all persons belonging to its organization.

To foster and promote awareness among its directors and employees in relation to tax risk and tax compliance, Prysmian is committed to organizing training and

² See Art. 26 of Law Decree n. 78 dated May 31, 2010 n. 78, and Decision of the Commissioner of Italy Revenue Agency dated September 29, 2010 (ref.2010/137654 29.09.2010).

awareness initiatives to ensure continuous support on tax related matters, not only to Tax Department, but to all personnel involved in managing tax relevant activities, in order to ensure that they have the right expertise and experience to fulfill their responsibilities.

Amendments and additions

Prysmian Tax Strategy is approved and owned by Prysmian S.p.A. Board of Directors; substantial changes to this document require the approval of Board of Directors and the subsequent adoption by controlled legal entities in Co-Operative compliance regime via specific resolution of their boards of directors.

Group CEO is entitled to approve formal changes or additions to the Tax Strategy and to introduce amendments that might be required upon changes within Prysmian internal organizational and / or applicable laws and regulations.