

**REPORT BY THE ADMINISTRATIVE BODY ON THE PROPOSAL PURSUANT TO THE FOURTH ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF PRYSMIAN S.P.A. SCHEDULED ON 5 JUNE 2019, CALLED TO RESOLVE ON THE RENEWAL OF THE BOARD OF STATUTORY AUDITORS, PREPARED IN ACCORDANCE WITH ART. 125-TER OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED**

**4. Appointment of the Board of Statutory Auditors and of its Chairman for 2019-2021 period.**

**RECITALS**

Dear Shareholders,

With reference to the fourth item on the agenda, you are asked to resolve on the appointment of the Board of Statutory Auditors and of its Chairman for 2019-2021 period.

As a matter of fact, the Board of Statutory Auditors currently in office had been appointed by the Ordinary Shareholders' Meeting of 13 April 2016, and the term of office is foreseen with approval of the financial statements as at 31 December 2018.

The Board of Statutory Auditors in office consists of a Chairman, two Standing Statutory Auditors and two Alternate Statutory Auditors. The two Standing Statutory Auditors (Mr Paolo Lazzati and Mrs Laura Gualtieri) and an Alternate Statutory Auditor (Mr Michele Milano) were elected from the slate submitted by the shareholder Clubtre S.p.A., which was the most voted slate, while the Chairman of the Board of Statutory Auditors (Mr Pellegrino Libroia) and an Alternate Statutory Auditor (Mrs Claudia Mezzabotta) were elected from the slate jointly submitted by a group of shareholders, referable to asset management companies and institutional investors, which was the second most voted slate.

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For those entitled to do so and wishing to submit competing slates for the appointment of the Board of Statutory Auditors and those entitled who will be attending the Shareholders' Meeting on 5 June 2019, please note the following:

*Submission of the slates of candidates to the office of member of Board of Statutory Auditors.*

Terms and procedure of presentation and publication of the lists.

Art. 21 of the By-laws requires that the appointment of the members of the Board of Statutory Auditors will occur by **presentation of slates to be filed at least twenty-five days before the date of the Shareholders' Meeting, meaning by noon (CET) on Saturday, 11 May 2019, at the Company's registered office (Via Chiese 6 – 20126 Milan) or sent via email to corporate-pryspa@pec.prysmian.com, within the same deadline.**

**Those shareholders who, alone or together with other shareholders, represent at least 1% of ordinary capital** (minimum level established by Consob's Determination no.13 of 24 January 2019) **are entitled to present slates.** Ownership of the minimum shareholding needed to present slates is determined on the basis of the shares registered to the presenting shareholders on the day the slates are filed. The related notice of shareholding can be produced even after filing, provided by 15 May 2019.

In the event that by 11 May 2019 only one slate has been filed, or only slates presented by shareholders connected to each other, the deadline for submitting slates will be extended by three days following that date, meaning by 14 May 2019, and the minimum shareholding required for slate presentation will be reduced to 0.5% of share capital.

The slates shall be made publicly available at the registered office, on the Company's website [www.prysmiangroup.com](http://www.prysmiangroup.com) and in the other ways envisaged by Consob at least twenty-one days before the date of the Shareholders' Meeting.

Composition of the lists and accompanying documentation.

Every slate must have two sections: one for the appointment of standing statutory auditors and the other for the appointment of alternate statutory auditors. The first candidate in each section

must be a member of the relevant register of the accounting auditors. The number of candidates on each slate cannot exceed the number of statutory auditors requiring election; each slate lists the candidates with a sequential number.

Slates with a total number of candidates equal to, or greater than, three must comprise candidates from both genders, so that at least one third (rounded upwards) of the candidates for the office of standing statutory auditor and at least one third (rounded upwards) of the candidates for the office of alternate statutory auditor belong to the less well represented gender in that slate.

Each shareholder can present or contribute to the presentation of only one slate and each candidate may appear on only one slate, otherwise they will be disqualified.

Every slate presented must be accompanied by:

- (i) information concerning the identity of the shareholders who have presented the candidate slates, indicating their overall shareholding;
- (ii) a declaration of the shareholders who do not hold, individually or jointly, a controlling or majority interest in the Company, by which they state the absence of any connection, as defined by art. 144-quinquies of Issuers Regulation by Consob no. 11,971/99, with the controlling or majority shareholders. Shareholders are invited in this regard to take account of the recommendations contained in Consob Communication DEM 9017893 dated 26 February 2009 on the "Appointment of members of the board of directors and board of statutory auditors";
- (iii) exhaustive information about each candidate's personal and professional details, indicating the directorships and statutory offices they hold in other companies, also for the purposes of art. 2400 of the Italian Civil Code. It should be noted in this regard that the office of statutory auditor cannot be assumed by persons who hold the office of statutory auditor in five issuers, or who hold a number of directorships or statutory offices in other companies that exceeds the overall limit established by law;
- (iv) a statement by each candidate confirming that there are no reasons of ineligibility or incompatibility for holding the position, that he/she meets the requirements for the office of statutory auditor, as set out in law and the Company's By-laws, and that he/she accepts his/her candidacy. It should be noted in this regard that each candidate must satisfy the independence requirements established for statutory auditors under art. 148, par. 3 of Italian Legislative Decree 58/98, and must also declare their eligibility to qualify as independent pursuant to art. 3 of the Self-Regulatory Code for listed companies adopted by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime e Confindustria, which the Company adhered to. Each candidate must also declare that they satisfy the professional competence and integrity requirements established by Ministry of Justice Decree 162 dated 30 March 2000. In particular, for the purposes of art. 1, par. 2, letters B) and C) of the above Ministerial Decree, the business sectors and fields viewed as strictly pertinent to the Company are those relating to the Company's sector of operations, as well as fields relating to private and commercial law, economic disciplines and those relating to the Company's business sector.

*Voting procedure for appointing members of the Board of Statutory Auditors.*

If only one slate is presented or if no slates are presented at all, the Shareholders' Meeting shall vote with the legally established quorum.

When two or more slates are duly presented, the following procedure shall be observed for the election of the Board of Statutory Auditors, considering that the slates presented without respecting the rules above mentioned will be treated as not presented:

- Every shareholder entitled to vote may vote for only one slate;

- from the slate with the highest number of votes, based on the numerical order in which they are listed in the respective sections of that slate, will be elected two standing statutory auditors and one alternate statutory auditor;
- from the slate with the second highest number of votes, based on the numerical order in which they are listed in the respective sections of that slate, will be elected the third standing statutory auditor, appointed as Chairman of the Board of Statutory Auditors, and the other alternate statutory auditor;
- In the event of a tie between two or more slates, the most senior candidates in age are elected until all the positions have been filled;
- If the above procedures do not ensure that the composition of the standing members of the Board of Statutory Auditors complies with the regulations on gender balance, the necessary replacements will be made among the standing statutory auditor candidates on the slate with the highest number of votes, in accordance with the numerical order in which candidates are listed.

Considering the above, Shareholders' Meeting is invited to resolve upon the appointment of the Board of Statutory Auditors and of its Chairman for the period 2019-2021, according to the above described mechanism.

Milan, 19 April 2019

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