

REPORT BY THE BOARD OF DIRECTORS OF PRYSMIAN S.P.A. (*"PRYSMIAN"* OR THE *"COMPANY"*) ON THE PROPOSALS PURSUANT TO THE THIRD, FOURTH AND FIFTH ITEMS ON THE AGENDA OF THE ORDINARY SESSION OF THE SHAREHOLDERS' MEETING SCHEDULED ON 28 APRIL 2021 (THE *"SHAREHOLDERS' MEETING"*), CALLED TO RESOLVE ON THE RENEWAL OF THE BOARD OF DIRECTORS, PREPARED IN ACCORDANCE WITH ART. 125-TER OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

3. **Determination of the number of the members of the Board of Directors.**
4. **Determination of the term of office of the Directors.**
5. **Appointment of the Directors.**

#### RECITALS

Dear Shareholders,

With reference to the third, fourth and fifth items on the agenda, you are asked to kindly resolve on the appointment of the Board of Directors, following determination of the number of its members and of the period for which the Directors to be appointed shall remain in office.

In fact, the Board of Directors currently in office had been appointed by the Ordinary Shareholders' Meeting of 12 April 2018, which had established the term of office as three financial years and shall therefore expire due to termination of office upon approval of the financial statements as at 31 December 2020.

The Board of Directors in office consists of twelve Directors, ten of whom elected from the slate submitted by the outgoing Board of Directors, which was the most voted slate, and two elected from the slate jointly submitted by a group of shareholders comprising asset management companies and institutional investors, which was the second most voted slate in the Shareholders' Meeting, after that submitted by the Board of Directors.

In order to enable a suitable assessment of the proposals described below in relation to the renewal of the administrative body of Prysmian, it should be noted that:

- Pursuant to art. 14 of the Company's By-laws: "*The Company shall be managed by a Board of Directors of not less than 7 (seven) members nor more than 13 (thirteen) members, shareholders or not, who shall hold the office for a maximum period of three fiscal years and until the Meeting approving the Financial Statements for the last fiscal year of their office has been convened. They may be re-elected*".
- Pursuant to the same art. 14 of the Company's By-laws, by making reference to the provisions of art. 147-ter, par. 4 (four) of Legislative Decree No. 58/98 ("**T.U.F.**") at least one of the Directors — or two if the Board of Directors is composed by more than seven members — must fulfil the independence requirements provided for Statutory Auditors under Art. 148, paragraph 3 (three), of the T.U.F..
- The Board of Directors shall be appointed, in compliance with regulations concerning gender balance *pro tempore* in force: the least represented gender must, therefore, account for at least two fifths of the Directors elected.
- The Company adopted a policy on the composition of the corporate bodies approved available on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Company/Governance/Shareholders Meeting* section.
- The outgoing Board of Directors has provided a guidance opinion on the qualitative and quantitative composition of the Board of Directors for the three-year period 2021-2023, to provide useful information to those entitled to submit their slates of candidates. This guidance opinion is available on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Company/Governance/Shareholders Meeting* section.

In light of the above, it should be recalled that on 3 February 2021, the outgoing Board of Directors resolved to submit its own slate of ten candidates to the office of director.

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**3. DETERMINATION OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS.**

Taking into account the results of the self-assessment process carried out by the Board of Directors, of a comparative analysis about the main players in the industry included in the FTSE MIB index with a specific focus on identifying optimal size, the provisions of the policy adopted by the Company regarding the composition of the corporate bodies and the possible needs and challenges that the new Board of Directors will face in the next three years, the outgoing Board of Directors considers a number equal to twelve members of the new Board of Directors to be adequate.

The number of Directors proposed by the outgoing Board of Directors, has been considered as suitable for the need to establish the internal committees that the new Board of Directors wishes to establish, also guaranteeing the efficient and effective functioning of the administrative body and ensuring that the Board includes suitable professional figures.

It is also considered that the number of twelve Directors suffices to keep a correct balance of executive directors, using the term to mean those with powers of representation and delegated powers concerning operating decisions, and non-executive directors possessing the independence requirements envisaged both by the T.U.F. and the Corporate Governance Code<sup>1</sup> necessary for the membership and operation of the internal committees and among which the new Board of Directors might appoint the Lead Independent Director, in line with both international best practices and the provisions of the Corporate Governance Code.

In case of approval of the proposal by the Shareholders' Meeting, and in application of the slate voting mechanism according to art. 14 of the Company's By-laws, the first ten candidates, corresponding to the five sixths of a Board consisting of twelve Directors, would be elected from the slate obtaining the majority of votes. The remaining two Directors would be elected from the other slates presented by those entitled, through the mechanism provided for by the Company's By-laws.

It is reminded that, in case of appointment of the Board of Directors made by twelve members, at least two of the elected Directors must fulfil the independence requirements provided for Statutory Auditors under Art. 148, paragraph three of the T.U.F. and that at least four Directors must be of the gender less represented.

In light of the above, please find herewith the following proposed resolution for your approval:

***"The Shareholders' Meeting***

***RESOLVES***

***to determine that the number of members of the Board of Directors shall be 12 (twelve)".***

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<sup>1</sup> The Corporate Governance Code for Listed Companies (edition January 2020), approved by the Corporate Governance Committee promoted by issuers' associations (ABI, ANIA, Assonime, Confindustria), the Italian Stock Exchange (Borsa Italiana S.p.A.) and investors' association (Assogestioni).

**4. DETERMINATION OF THE TERM OF OFFICE OF THE DIRECTORS.**

In considering that three years is an appropriate term of office for the Board of Directors in respect of the need for multi-year planning of the Prysmian Group policies, the outgoing Board of Directors has stated in favour of confirming this term for the new Board of Directors to be appointed by the Shareholders' Meeting.

In light of the above, please find herewith the following proposed resolution for your approval:

***"The Shareholders' Meeting***

***RESOLVES***

***to establish that the term of office of the Directors appointed by the Shareholders' Meeting shall be three financial years and therefore they shall remain in office until the Shareholders' Meeting convened to approve the financial statements as at 31 December 2023".***

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## 5. APPOINTMENT OF THE DIRECTORS.

As already disclosed to the public on 3 February 2021 and recalled above, the outgoing Board of Directors has resolved to submit its own slate of candidates to the office of director (the “*BoD Slate*”).

The *BoD Slate* consists of ten candidates, a number that would make it possible to draw from this slate the five sixths of the new Board of Directors in the event that the *BoD Slate* was voted the most in the Shareholders' Meeting of 28 April 2021 and if the same Shareholders approved the proposal to appoint a Board of Directors composed of twelve directors.

In the selection of candidates, the outgoing Board of Directors referred to the provisions contained in the aforementioned policy regarding, among other things, independence requirements, professional experience (board skill matrix), limits on the number of positions, age and to the duration in charge.

In determining the members of its slate of candidates, the outgoing Board of Directors first and foremost considered the public company structure of the Company, and in particular the lack of any reference shareholder. The Board of Directors has thus decided to submit a slate of candidates also comprising three Company's and the Prysmian Group's senior managers, believing that their presence on the administrative body of a public company is particularly important in terms of maintaining a useful, continuous dialogue between the independent directors and the Company's management, which had already been established during the previous terms, and in order to guarantee, with their specific skills, continuity and specialist knowledge of the Company and the market where the Group operates.

On the strength of the experience accrued during the last three years, the Board of Directors has also considered that the proposal size of the Board, with twelve Directors, is appropriate to ensure a simple, profitable management of the Board's activities and its efficient functioning. More specifically, the deriving ratio of executive directors and non-executive, independent directors would be as a suitably balanced mixture, in line with the Company's public company structure. The large number of non-executive, independent directors (more than half of all Directors) with their different characteristics and profiles is also seen as a guarantee for the Shareholders, as well as excellent support for management in operating the business.

All seven candidates of the slate to be submitted by the outgoing Board, which, if appointed, shall be identified as non-executive directors fulfil the requirements for classification as independent directors in accordance with Art. 148, paragraph 3 of the T.U.F.; six of them also fulfil the requirements for classification as independent directors in accordance with the Corporate Governance Code.

The candidates on BoD Slate have been selected also taking into account gender balance rules, as required for the members of the administrative bodies of listed companies.

In preparing its slate of candidates, the outgoing Board of Directors considered both the direct evaluations by the Board and the results of the self-assessment activities carried out by the Board in compliance with the recommendations laid down by the Corporate Governance Code, with the support and contribution of the Nomination and Remuneration Committee, which carried out the search of candidates with the support of leading international consulting firms with experience in the field of search and selection of member of Board of Directors.

The criteria used in defining the slate also include the fact that the Board considered the managerial experience of each candidate in listed and other companies or in any case companies of a comparable size to those of the Prysmian Group and of international relevance. In making the selection, the choice was made to prefer candidates who were believed to be able to make an effective contribution to the strategic and industrial decisions, due to their experience accrued in high profile industrial or financial contexts.

Finally, the Board of Directors confirmed the opinion on the maximum number of offices that may be compatible with an effective fulfilment of the office of Company Director, as provided in the abovementioned policy.

For those entitled to do so and wishing to submit competing slates for the appointment of Directors and those entitled who will be attending the Shareholders' Meeting on 28 April 2021, please note the following.

*Submission of the slates of candidates to the office of director.*

Pursuant to art. 14 of the Company's By-laws, the directors are appointed on the basis of slates, in which the candidates must be listed with a sequential number.

The outgoing Board of Directors is entitled to present slates, as are those Shareholders who, alone or together with other Shareholders, represent at least 1% of ordinary share capital (threshold set by CONSOB by means of Determinazione no. 44 of 29 January 2021). As far as slates presented by Shareholders are concerned, ownership of the minimum shareholding needed to present such slates is determined on the basis of shares registered in favour of such Shareholders on the day the slates are filed with the Company. The related note can be produced even after filing, provided by 7 April 2021.

The slate presented by the outgoing Board of Directors must be filed with the Company's registered office within the thirtieth day before the date set for the Shareholders' Meeting, i.e. by 29 March 2021. Slates presented by Shareholders, signed by those presenting them, must be filed, at least twenty-five days before the date of the Shareholders' Meeting, at the Company's registered office, i.e. by Saturday, 3 April 2021, extended to Tuesday, 6 April 2021, as the first working day after the expiring date, or sent by e-mail to [corporate-pryspa@pec.prysmian.com](mailto:corporate-pryspa@pec.prysmian.com), by the same day. They 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.

Each Shareholder can present or contribute to the presentation of only one slate and each candidate may appear on only one slate, otherwise he/she shall be disqualified. The first and the second candidate on each slate must fulfil the independence requirements set out in applicable laws. In addition, the slates which present a number of candidates equal to, or greater than, three must be composed of candidates belonging to both genders so that the less represented gender is at least two fifths (rounded upwards) of the candidates.

Each slate must be filed together with acceptances by each candidate of their candidacy and declarations in which they state, under their own responsibility, that there are no grounds for ineligibility or incompatibility, and that they meet the requirements prescribed for the position. The declarations must be filed together with a curriculum vitae for each candidate containing full information about their personal and professional characteristics, indicating the positions held in other companies as directors and statutory auditors and, if the conditions are satisfied, whether they meet the independence requirements set out in art. 148, par. 3, of the T.U.F. and in the Corporate Governance Code.

Any change that occurs up to the date of the Shareholders' Meeting must be promptly notified to the Company.

Slates submitted without complying with the foregoing provisions shall be disregarded.

To those who want to submit a slate containing more than half the number of candidates to be elected, it is recommended to provide adequate information, in the documentation presented for filing the slate, about the compliance of the slate with the orientation expressed by the Board of Directors in the guidance opinion available on the Company's website [www.prysmiangroup.com](http://www.prysmiangroup.com) in the section *Company/Governance/Shareholders Meeting*, also with reference to the diversity criteria, and to highlight their candidate for the office of Chairman of the Board of Directors.

Lastly, Shareholders intending to present slates for the appointment of members of the Board of Directors are invited to take into account the recommendations contained in Consob Communication DEM/9017893 dated 26 February 2009.

#### Independence requirements

It should be remembered that the first two candidates to be included in the slates to be submitted for the appointment of Directors must fulfil the independence requirements prescribed for statutory auditors by Art. 148, paragraph three of the T.U.F.. Each candidate must also specify if they fulfil the requirements for classification as independent director in accordance with the Corporate Governance Code. To this end, it should be noted that the abovementioned policy available on the Company website [www.prysmiangroup.com](http://www.prysmiangroup.com) under *Company/Governance/Shareholders Meeting* includes a section relevant to the independence requirements.

Both the mentioned policy and the same section of the website also provide, to the benefit of candidates to the office of Director, a form to be used when submitting candidacy in order to declare acceptance of candidacy, the certificate of no grounds for ineligibility and incompatibility and possession of the requirements set forth by the law and the Corporate Governance Code.

#### Voting procedure for the appointment of members of the Board of Directors.

If a single slate is presented or if no slate is presented, the Shareholders' Meeting shall vote with the legal quorum required by applicable laws.

If two or more slates are validly presented, the Board of Directors shall be elected as specified below:

- [a] five-sixths of the Directors to be elected shall be chosen from the slate that obtains the majority of the votes cast, in the order in which they are listed on the slate; in the event of a fractional number, it shall be rounded down to the nearest whole number;
- [b] the remaining Directors shall be taken from the other slates. For this purpose, the votes obtained by the slates shall successively be divided by one, two, three and four according to the number of Directors to be chosen. The quotients thus obtained shall be assigned to the candidates on each slate in the order specified thereon. The quotients given to each candidate on the various slates shall be given in a single decreasing ranking. Those who have obtained the highest quotients shall be elected. If more than one candidate has obtained the same quotient, the candidate from the slate that has not yet elected any Directors or that has elected the smallest number of Directors, shall be elected. All it being understood that at least one director shall be taken from a slate, if presented and voted, presented by shareholders who are not connected, either directly or indirectly, with those who presented or voted for the slate that obtained the majority of votes cast. If none of such slates has yet elected a Director or each one of them has elected the same number of Directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes shall be elected.

- [c] If the election of the candidates by the means described above does not ensure a composition of the Board of Directors which complies with gender balance rules, the candidate of the most represented gender, who is elected last in progressive order within the slate that received the highest number of votes, shall be replaced by the first candidate of the less represented gender, who is not elected from the same slate, according to the progressive order. This replacement process shall be implemented until the composition of the Board of Directors complies with gender balance rules. Finally, if this procedure does not provide the result specified above, the replacement shall be implemented by means of a resolution approved by a relative majority of the Meeting, following the submission of candidates belonging to the less represented gender.

***In light of the above, you are asked to kindly express your vote in favour of the slate of candidates to the office of Director of Prysmian S.p.A. presented by the outgoing Board of Directors.***

Milan, 17 March 2021

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