Explanatory report prepared by the board of directors pursuant to Article 125-ter, Paragraph 1 of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented, and Article 84-ter of the regulations adopted with CONSOB Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented, about the proposal for the adjustment of the compensation of the board of statutory auditors.

To the Shareholders:

We note that the shareholders' meeting of 13 June 2014 appointed the current board of statutory auditors, which includes Giacinto Sarubbi, chairman, Cristina Casadio and Norberto Rosini, acting auditors, and Onofrio Contu and Paolo Prandi, substitute auditors. The appointment was made for the years of 2014, 2015, and 2016, and therefore, up to the date of the approval of the financial statements as of 31 December 2016.
Said shareholders' meeting also established the board of statutory auditors' compensation, setting it at €100,000.00 per year for the chairman and €70,000.00 per year for each acting auditor.

Furthermore, in view of the change of the company's administration and control system from a dualistic system to a traditional system (as resolved by the shareholders' meeting of 13 June 2014), the statutory auditors' activity has been particularly intensive, also considering their participation in the meetings of the committees set up in accordance with the provisions of the Code for the Governance of Publicly Traded Companies (as reported in the Report on Corporate Governance and Ownership Structure, which is available in the Governance section of the corporate web site (www.a2a.eu)).
The commitment promises to be likewise important for the remaining period of the mandate.

The board of directors has accordingly decided to submit a proposal to the shareholders' meeting for the adjustment of the board of statutory auditors' compensation, with a plan to increase the present compensation by another €10,000.00 per year for each acting auditor and another €30,000.00 per year for the chairman.

You are therefore urged to take decisions in relation to the proposal for the adjustment of the board of statutory auditors' compensation, in the terms and at the conditions described above.