



EI TOWERS S.P.A.

ANNUAL REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

Financial Year 2014

Approved by the Board of Directors on 19 March 2015

This document is an English translation of an original Italian text. In the event of discrepancies between the original Italian text and this English translation, the original Italian text shall prevail.

Website: www.eitowers.it

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GLOSSARY

Borsa Italiana	Borsa Italiana S.p.A., with head office in Milan, piazza Affari no. 6
Self-Disciplinary Code	The Self-Disciplinary Code of listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (July 2014 version)
Consob	The National Commission for Companies and the Stock Exchange, with head office in Rome, via G. B. Martini no. 3
Board	The Board of Directors of EI Towers S.p.A.
Financial Year	The financial year ended on 31 December 2014
Instructions accompanying the Rules of Borsa Italiana	The Instructions accompanying the Rules of the Markets organised and managed by Borsa Italiana S.p.A.
MTA	The Online Stock Market organised and managed by Borsa Italiana
Borsa Italiana Rules	The Rules of Markets organised and managed by Borsa Italiana S.p.A.
Issuer Regulations	The Regulations applicable to issuers introduced by Consob with resolution no. 11971, 14 May 1999, as amended
Market Rules	The Rules applicable to markets introduced by Consob with resolution no. 16191, 29 October 2007, as amended
Related Party Regulations	The Regulations applicable to transactions with related parties introduced by Consob with resolution no. 17221, 12 March 2010, as amended
Report	This Report on Corporate Governance and the Ownership Structure, prepared pursuant to art. 123-bis, Consolidated Financial Act
Company or Issuer	EI Towers S.p.A.
Related Party Procedure	The Company's related party transaction procedure is available for consultation on the www.eitowers.it website, Governance section - Related Parties

Bylaws	The bylaws of EI Towers S.p.A. in force at the date of this Report and available for consultation on the www.eitowers.it website, Governance section – Governance System
TUF or Consolidated Financial Act	Legislative Decree no. 58, 24 February 1998, as amended

1. ISSUER PROFILE

EI Towers S.p.A. operates in the network infrastructure and integrated electronic communication services sector for operators in the radio and television sector (broadcasters) and in the mobile telephony (GSM/UMTS/LTE operators) and wireless (WiFi/iMax operators) telecommunications sector, as well as for public utility operators and the Institutions.

Specifically, EI Towers S.p.A., a company listed on the Italian stock market (Borsa Italiana) in the STAR segment, manages the infrastructure/station assets, distributed across Italy, used by broadcast operators. The services offered by the Company range from the hosting at stations of transmission equipment and signal broadcast antenna, to all complementary activities, including the installation, testing and maintenance (both routine maintenance and repair work) of the equipment hosted. The Company favours a market approach addressed to providing comprehensive turnkey management of clients' networks, including planning, design, realisation and management activities.

Towertel S.p.A., a wholly-owned direct subsidiary company, holds the infrastructure/stations asset for mobile telephone operators and WiFi and WiMax operators. Towertel S.p.A. undertakes management, acquisition and implementation activities for telecommunications network plant and infrastructure in general.

The Company has adopted a traditional administration and control system based on the General Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The auditing of the accounts for legal purposes is performed by an independent audit company entered in the special Register set up for this purpose pursuant to the law.

The information contained in this Report, unless otherwise indicated, refers to the date of approval of same by the Board of Directors (19 March 2015).

2. INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to art. 123-bis, sub-section 1, TUF) as of 19 March 2015

a) Structure of the share capital (art. 123-bis, sub-section 1, letter a), TUF)

The subscribed and paid in share capital of the Company stands at Euro 2,826,237.70, divided into 28,262,377 ordinary shares of par value 10 eurocents each, each of which grants the right to a vote at the general meeting, with the exception of no. 62,526 treasury shares, equal to 0.22% of the share capital, of which no. 6,000 treasury shares on loan to Mediobanca Banca di Credito Finanziario S.p.A. to perform the Specialist activities pursuant to art. 2.2.3, sub-section 4, Borsa Italiana Rules, and to the relative Instructions accompanying the Rules. Pursuant to the law, voting rights are suspended for treasury shares held by the Company. The structure of the share capital is set out in Table 1 at the end of this Report.

The Company has not issued other categories of shares or financial instruments which can be converted into or exchanged with shares.

At the present time there are no share-based incentive plans involving increases of the share capital, including free increases.

b) Restrictions on the transfer of securities (art. 123-bis, sub-section 1, letter b), TUF)

There are no restrictions on the transfer of EI Towers securities.

c) Significant stakes in the share capital (art. 123-bis, sub-section 1, letter c), TUF)

Significant stakes in the share capital of the Company, according to notifications received pursuant to art. 120, TUF, are set out in **Table 1** at the end of this Report.

d) Securities which grant special rights (art. 123-bis, sub-section 1, letter d), TUF)

The Company has not issued securities which grant special controlling rights.
The Company Bylaws do not envisage the issue of shares with special voting rights.

e) Employee shareholdings: mechanism for exercising voting rights (art. 123-bis, sub-section 1, letter e), TUF)

The Company does not have an employee shareholding system with a mechanism for exercising voting rights that is different from the one provided for all the Company's other shareholders.

f) Restrictions of voting rights (art. 123-bis, sub-section 1, letter f), TUF)

The voting rights of treasury shares held by the Company are suspended pursuant to art. 2357 ter, Italian civil code.

g) Shareholders' agreements (art. 123-bis, sub-section 1, letter g), TUF)

The Company is not aware of any shareholders' agreements pursuant to art. 122, TUF.

h) Change of control clauses (art. 123-bis, sub-section 1, letter h), TUF) and statutory provisions on the subject of Takeover Bids (art. 104, sub-section 1-ter and 104-bis, sub-section 1)

In the framework of the April 2013 bond issue, as disclosed to the market and according to common practice in financial markets, provisions have been made for specific effects (the right of bond-holders to receive an advance reimbursement of all or part of the obligations they hold) in the event of a change of control of the Company.

As disclosed to the market on 24 February 2015 (communication pursuant to article 102 TUF), the payment of the cash component of the price of the voluntary tender and exchange offer promoted by the Company on all the shares of Rai Way S.p.A., will be assisted by financing granted to the Company by a leading bank. In the framework of the financing agreement, the obligatory early repayment of same is envisaged in certain circumstances, including the change of control of the Issuer.

Pursuant to art. 15, paragraph H) of the Bylaws, the Board of Directors and any delegated bodies have the power, without the need for authorisation by the general meeting, to perform acts or operations to prevent the objectives of a takeover bid from being achieved, from the time of notification of same pursuant to article 102, sub-section 1, Legislative Decree no. 58/1998, until the conclusion of the bid or until the offering expires, and to implement decisions taken before the start of the aforementioned period which have not yet been implemented entirely or in part, which do not form part of the Company's normal activities, and the implementation of which may prevent the objectives of the takeover bid from being achieved.

i) Directors' indemnity in the event of resignation or the termination or ceasing of the relationship without due cause or following a takeover bid (art. 123-bis, sub-section 1, letter i), TUF)

There are no agreements in being between the Company and the directors pursuant to art. 123-bis, sub-section 1, letter i), TUF.

l) Appointment and replacement of directors and amendments to the bylaws (art. 123-bis, sub-section 1, letter l), TUF)

The appointment and replacement of directors is regulated by art. 13 of the Bylaws. For further information on this matter, see paragraph 4.1 below in this Report regarding the Board of Directors.

Pursuant to the Bylaws (art. 15, paragraph A), the Board of Directors may resolve to establish or abolish secondary head offices, reduce the share capital in the event of the withdrawal of a shareholder, amend the bylaws in line with legal provisions, transfer the head office of the company within Italy, and make the resolutions pursuant to article 2505 and 2505 bis, Italian civil code, also as referred to in relation to demerger by article 2506 ter, Italian civil code, within the limits of the law.

The Bylaws, most recently amended by the General Meeting on 18 April 2013, is available for consultation on the www.eitowers.it website, Governance Section - Governance System.

m) Delegation of powers to increase the share capital and authorisation to buy treasury shares (art. 123-bis, sub-section 1, letter m), TUF)

No proxies exist to increase the share capital pursuant to art. 2443, Italian civil code, or to issue equity instruments.

The General Meeting of 24 April 2014 authorised the purchase of ordinary shares in the Company, conferring such powers on the Board of Directors and for it the Managing Directors, severally, in one or more transactions, up to the maximum number permitted by the law, taking account of the treasury shares held directly and those held by subsidiary companies.

The purchases may be made, pursuant to art. 2357, first sub-section, Italian civil code, within the limits of profit available for distribution and available reserves as indicated in the most recently approved financial statements, with the consequent establishment, pursuant to art. 2357-ter, third sub-section, Italian civil code, of a restricted reserve equal to the amount of the treasury shares purchased from time to time, which must be retained until the shares have been transferred.

Authorisation to purchase shares was agreed as of the date of the aforementioned General Meeting, until the approval of the financial statements at 31 December 2013.

For information on the manner and terms of purchase of treasury shares, please see the minutes of the General Meeting of 24 April 2014, which are available for consultation on the www.eitowers.it website, Governance/General Shareholders' Meeting section.

At 31 December 2014, the Company held no. 62,526 treasury shares, equal to 0.22% of the share capital, of which no. 6,000 treasury shares on loan to Mediobanca Banca di Credito Finanziario S.p.A. to perform the Specialist activities pursuant to article 2.2.3, sub-section 4, Borsa Italiana Rules, and to the accompanying Instructions. There have been no purchases of treasury shares in the period from the end of the Financial Year to the date of this Report.

n) Direction and coordination activities (art. 2497 and following, Italian civil code)

As of 2 January 2012, the Company is subject to the direction and coordination activities of Mediaset S.p.A..

The Company, pursuant to the combined provisions of art. 39, sub-sections 2 and 4, Market Rules, informed Consob and the public of its full compliance with the provisions of art. 37 of such Market Rules, as demonstrated by the certificate pursuant to art. 2.6.2, sub-section 13, Borsa Italiana Rules, of the existence of the conditions required by art. 37, Market Rules, contained in the Management Report in the Financial Statements.

The Company exercises direction and coordination activities over its subsidiary companies Towertel S.p.A. and Hightel S.p.A., the latter acquired during 2014.

3. COMPLIANCE

The Company has adopted the Self-Disciplinary Code of listed companies, which is available for public consultation on the Borsa Italiana website (www.borsaitaliana.it), introducing the principles established by same and aligning its corporate governance system with Italian and international best practices.

The Issuer and its subsidiary companies, at present Towertel S.p.A., are not subject to non-Italian legal provisions which influence the Issuer's corporate governance structure.

4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (art. 123-bis, sub-section 1, letter I), TUF)

Appointment of Directors

The appointment and replacement of directors is regulated by article 13 of the Bylaws.

Specifically, the directors are appointed by the shareholders' meeting on the basis of lists, in which each candidate is indicated by a progressive number, presented by shareholders, who represent, alone or together with other shareholders, at least **2.5%** of the shares with voting rights at the ordinary shareholders' meetings or who represent a lower percentage that may be established by mandatory provisions of laws or regulations. The percentage equity stake established to present lists is communicated from time to time in the notice of convocation of the general meeting called to resolve upon the appointment of the Board of Directors. You are advised that the percentage equity stake established for the next General Meeting to appoint the Board of Directors of the Company on 21 April 2015 stands at **1%** of the share capital (as established by Consob resolution no. 19109/2015, pursuant to art.144-quater of the Issuer Regulations).

The Bylaws do not make provision for the faculty pursuant to art. 147-ter, sub-section 1, TUF.

The procedure for the election of the directors is as follows:

- i) directors representing the number of members of the board of directors less one shall be taken from the list which has received the majority of the votes expressed by the shareholders, in the progressive order with which the candidates were listed on the list;
- ii) the last director shall be taken from the second list which is not related in any manner, including indirectly, with the list referenced in the preceding letter i) or with the shareholders who presented or voted the list referenced in the preceding letter i), and which obtained the second highest number of votes expressed by the shareholders.

Should the candidates elected with the procedure indicated above not result in the appointment of a number of directors in possession of the independence requirements established by the law and regulations equal to the minimum number established by the law and regulations in relation to the total number of the directors, the last non-independent candidate elected listed on the list which received the highest number of votes, referenced in letter i) of the preceding Paragraph, will be substituted by the first independent candidate not elected according to the progressive order of such list, or, in absence thereof, by the first independent candidate not elected according to the progressive order of the other lists, according to the number of votes obtained by each list. Such substitution procedure shall continue until the board of directors has a number of members in possession of the independence requirements established by the law and regulations equal at least to the minimum set by the law and regulations.

If at the end of voting the Board does not have the minimum number of directors of the least represented gender as established by the law, the last candidate of the most represented gender elected on the list which received the majority of votes will be replaced by the first candidate in the same list of the least represented gender not elected pursuant to the previous paragraphs; if the minimum number of directors of the least represented gender is not achieved in this way, the aforementioned replacement procedure is also applied to minority list candidates (on the condition that the lists contain at least three candidates).

Finally, should the aforementioned procedures not ensure the appointment of a number of directors in possession of independence requirements and/or of the minimum number of directors of the least represented gender, as established by the law and regulations, the substitution shall occur with a

resolution passed by the relative majority at the shareholders' meeting, subject to the presentation of candidates in possession of the necessary requirements.

Should only a single list be presented, all the directors to be elected shall be taken from this list in progressive order, until the number fixed by the shareholders' meeting has been achieved, without prejudice to compliance with the requirements established by the law and regulations and by the bylaws on the subject of the composition of the board of directors and, specifically, gender balance.

Should no list be presented, the shareholders' meeting shall deliberate with the majorities provided by the law, without observing the procedure provided above, in such a way as to ensure compliance in any case with the requirements established by the law and regulations and by the bylaws on the subject of the composition of the board of directors and, specifically, gender balance.

Notwithstanding the foregoing, any different or other provisions provided by mandatory laws or regulations shall prevail.

Specifically, because the Company is subject to the direction and coordination activities of Mediaset S.p.A., the provisions of art. 37 of the Market Rules are applicable to the composition of the Board of Directors. Therefore, the Board of the Company is composed of a majority of independent directors, while the Committees within the Board (Control and Risks Committee and Remuneration Committee) are composed entirely of independent directors.

As an issuer in the STAR segment, the provisions of art. 2.2.3, sub-section 3, letter l) of the Borsa Italiana Rules are applicable to the Company, entailing the application, so far as concerns the composition of the Board, as well as the role and functions of the non-executive and independent directors, of the application principles and criteria provided by articles 2 and 3 of the Self-Disciplinary Code.

As set out in **Table 2** at the end of this Report, 4 directors out of a total 7 members of the Board (Alberto Giussani – Chairman – Manlio Cruciatti, Richard Hurowitz and Michele Pirotta), are in possession of the independence requirements established by the TUF, by the aforementioned art. 37 of the Market Rules and by the Self-Disciplinary Code.

The composition of the Board of Directors also complies with the measures prescribed by the Competition and Markets Authority on the subject of directors' independence (provision no. 23117, 14 December 2011, with which the Authority authorised merger of DMT S.p.A. and EI Towers S.p.A. on 2 January 2012).

For further details regarding directors' independence, see paragraph 4.6 of this Report.

Replacement of Directors

Art. 13 of the Bylaws makes provision that should one or more directors appointed on the basis of the list vote no longer serve in office during the year, such director(s) shall be replaced with persons listed on the same list as the director(s) to be replaced, or should there be no more candidates not elected from such list or no candidates with the necessary requirements, the board of directors shall arrange for the replacement pursuant to Article 2386 of the Italian civil code, just as the shareholders' meeting shall arrange thereafter for the substitution with the majorities provided by law, without any list vote. In any event, the board and the shareholders' meeting shall proceed with the appointment in such a manner as to ensure compliance in any case with the requirements established by the law and regulations and by the bylaws on the subject of the composition of the board of directors and, specifically, gender balance.

Succession plans

In consideration of the ownership structure, the mechanisms for appointing directors and delegations of power as they stand, the Board has decided not to introduce succession plans for executive directors.

4.2 COMPOSITION (art. 123-bis, sub-section 2, letter d), TUF)

Pursuant to art. 13 of the Bylaws, the Company is administered by a Board of Directors consisting of a minimum of 5 and a maximum of 21 members, who remain in office for a period, as determined by the shareholders' meeting, of no more than 3 years and may be re-elected.

The new Board of Directors of the Company was appointed by resolution of the General Meeting on 29 February 2012 and will remain in office until the approval of the financial statements for the year ending 31 December 2014, convened to take place on 21 April 2015. The current Board consists of **seven** members of whom six - Alberto Giussani, appointed chairman (independent director), Guido Barbieri (executive director), Valter Gottardi (executive director), Piercarlo Invernizzi (executive director), Manlio Cruciatti (independent director) and Michele Pirotta (independent director) - were taken from the list presented by the majority shareholder Elettronica Industriale S.p.A. (**List No.1**), representing **65.001%** of the share capital, and one - Richard Hurowitz (independent director) - taken from the minority list presented by shareholders Octavian Special Master Fund LP and Tiberius OC Fund LTD (**List No. 2**), representing a total stake of **4.37%** of the share capital of the Company.

At the stated General Meeting, a second minority list (**List No. 3**) was also presented by shareholder Permian Master Fund LP, the owner of a stake equal to **3.2%** of the share capital.

Below are the candidates in each list presented and the relative percentage of votes obtained in relation to the voting capital (25,226,725 shares equal to **89.2590%** of the share capital):

- candidates on **List No. 1**: Alberto Giussani, Guido Barbieri, Valter Gottardi, Piercarlo Invernizzi, Manlio Cruciatti, Michele Pirotta, Francesca Meneghel. The list obtained no. 18,400,952 votes equal to **72.9423%** of the voting capital;
- candidates on **List No. 2**: Richard Hurowitz, Igor Kuzniar, Yoav Magen. The list obtained no. 4,519,926 votes equal to **17.9172%** of the voting capital;
- candidates on **List No. 3**: Cara Goldemberg. The list obtained no. 2,300,437 votes equal to **9.1190%**.

The Board of Directors met on the same day as the General Meeting which appointed them, and appointed as Managing Directors of the Company Guido Barbieri (CEO Corporate and Management) and Valter Gottardi (CEO Business).

The composition of the Board of Directors is set out in **Table 2** at the end of this Report.

For information on the personal and professional characteristics of the members of the Board of Directors of the Company, consult the information available on the www.eitowers.it website, Governance section, Company Bodies/Board of Directors. All the directors are acting in this capacity for the first time in the Company.

Maximum number of offices held in other companies

The Board of Directors, with the resolution of 26 July 2012, stated its position on the maximum number of offices held in other companies (in companies listed on regulated markets, including foreign markets, in financial, banking and insurance companies, or in large companies). On the basis of this position:

an **executive director** should not hold:

- the office of executive director in another listed Italian or foreign company, in financial, banking or insurance companies, or in large companies (net equity greater than Euro 10bn) and
- the office of non-executive director or statutory auditor - or member of another control body - in more than five listed Italian or foreign companies, in financial, banking or insurance companies or in large companies (net equity greater than Euro 10bn);

a **non-executive director** should not hold:

- the office of executive director in more than three listed Italian or foreign companies, in financial, banking or insurance companies, or in large companies (net equity greater than Euro 10bn) and the office of non-executive director or statutory auditor - or member of another control body - in more than five listed Italian or foreign companies, in financial, banking or insurance companies or in large companies (net equity greater than Euro 10bn) or
- the office of non-executive director or statutory auditor - or member of another control body - in more than ten listed Italian or foreign companies, in financial, banking or insurance companies, or in large companies (net equity greater than Euro 10bn).

These limits do not include the offices held in the Issuer and in EI Towers Group companies.

In the event that these limits are exceeded, the director promptly informs the Board of Directors, which assesses the situation in light of the Company's interests and invites the director in question to act accordingly.

The Board of Directors takes note annually, based on the information received from each director, of the offices of director and/or statutory auditor they hold in other companies.

The current composition of the Board is in compliance with the aforementioned criteria.

Below are the offices held by the members of the Board of Directors of the Issuer in other companies:

Alberto Giussani: Member of the Board of Statutory Auditors of Falck Renewables S.p.A., Member of the Board of Statutory Auditors of Luxottica Group S.p.A., Member of the Board of Statutory Auditors of Carlo Tassara S.p.A., Chairman of the Board of Statutory Auditors of Vittoria Assicurazioni S.p.A., Director of Fastweb S.p.A.

Guido Barbieri: -

Manlio Cruciatti: -

Valter Gottardi: -

Richard Hurowitz: Chairman and CEO of Octavian Group Holdings LLC

Piercarlo Invernizzi: -

Induction Programme

For the entire duration of their mandate, the directors of the Company took part in initiatives designed to gain a better understanding of the Company's business, of the sector in which the Company operates and of the legislative and regulatory framework. Specifically, on 24 September 2014 the directors and statutory auditors visited the "Broadcast Center" in Cologno Monzese to gain a better understanding from company management of activities relating to the management and implementation of television links for Group clients. The issues examined included the technological and regulatory evolution of the EI Towers network and the business fundamentals of commercial activities with clients.

4.3 ROLE OF THE BOARD OF DIRECTORS (art. 123-bis, sub-section 2, letter d), TUF)

The Board of Directors plays a central role in the corporate organisation structure, in the structure of the EI Towers Group and in the Company's governance system. It defines the EI Towers Group's strategic plans and periodically monitors their progress and implementation.

The Board meets regularly, in compliance with current legislation and a calendar of work, and organises itself and acts in such a way as to ensure that it performs its functions effectively and efficiently.

The Board is vested with the powers provided by the law and the Bylaws (art. 15). It is in particular vested, within the limits of the company purpose, with all powers of ordinary and extraordinary administration.

In 2014, the Board met 11 times, with overall attendance by directors standing at **98.7%**. The attendance details for each director are set out in **Table 2** at the end of this Report. The average length of each meeting was about two hours.

As disclosed to the market in the financial calendar, four meetings have been planned in financial 2015 for the examination of the Financial Reports. As at the date of this Report, five meetings have been held.

The Chairman provides pre-board meeting information with the support of the Secretary of the Board of Directors. In the days prior to the meetings of the Board of Directors, usually two days previously, the directors and statutory auditors are provided with a confidential preview of the documentation regarding the agenda. The aforementioned term of notice is usually respected, unless in cases in which there are matters on the agenda involving information that requires even greater confidentiality or the Board is asked to come to a resolution in a timely manner. In these cases, mainly in relation to the examination of extraordinary or particularly important operations, the term of notice is reduced to the day immediately prior to or on the same day as the Board meeting. As confirmed at the time of the annual self-assessment (see below in this paragraph), the Board's examination and discussion of the items on the agenda are comprehensive. Indeed, during Board meetings, the Chairman ensures that enough time is devoted to the examination and discussion of each item of business, encouraging the participation of the directors and contributions from the Committees with regard to certain Board decisions. The Managing Directors, also with the support of the managers of the corporate functions involved, where deemed useful or necessary, constantly ensure that the Board receives comprehensive information regarding the items discussed and business operations in general.

Pursuant to the Self-Disciplinary Code, the Board of Directors examines and approves the strategic, business and financial plans of the Company and the EI Towers Group it heads, the system of corporate governance of the Company and the EI Towers Group structure. In particular, as disclosed to the market, on 29 September 2014 the Board approved the new Business Plan of EI Towers Group for 2014-2018. With the frequency established by the Bylaws (art. 15) and specifically at the time of the examination and approval of the periodical Financial Statements, the Board, based on reports and information received from the Managing Directors, assesses the general management trend and monitors the implementation of the Business Plan approved, comparing the results reported with those planned and announcing any new quantitative objectives.

During the year the Board of Directors assessed the adequacy of the organisational, administrative and accounting arrangements of the Company and its subsidiary companies of strategic importance, at the present time Towertel S.p.A.¹, also with reference to the internal control and risk management system. The assessments were supported by special reports prepared by the bodies delegated to do so, describing the various operating and control structures.

The Board examined and approved on a prior basis transactions of significant strategic, economic, equity or financial importance performed by the Company and its subsidiary companies, in accordance with the Guidelines on the "transactions of significant importance" of the Company, as approved by the Board. The criteria for identifying such operations refer, in terms of type and/or limits of amount, both to extraordinary operations and ordinary business.

On 19 December 2014, the Board of Directors conducted the annual Board Performance Evaluation, after assigning to the Chairman, an independent director, the task of defining the process and establishing the subjects to discuss. In compliance with the provisions of the Self-Disciplinary Code and in consideration of the guidelines issued by the Corporate Governance Committee of Borsa Italiana in its

¹ Taking account of the equity structure of EI Towers Group and on the basis of significance criteria pursuant to art. 151, Issuer's Regulations.

first report on the application of the Code, in December 2013, the Board focused the annual self-assessment and relative discussion on the overall results of the board's three-year mandate² and on the analysis of the possible requirements of the new Board of Directors, expressing their considerations on the eventual professional figures whose presence on the Board is deemed appropriate in light of the experience gained and the outcomes of the previous Board Assessments, also pursuant to article 5.C.1 of the Self-Disciplinary Code.

Specifically, the Chairman, with the support of the Corporate Affairs Office, submitted on a prior basis to the Board Directors a report containing several issues for examination (among the others, in addition to traditional areas of discussion – size, composition and operation of the Board and the Committees – business knowledge, governance, control and management of risks and related parties) which were discussed, also with the contributions of the members of the Board of Statutory Auditors, during the aforementioned board meeting.

The results of the self-assessment process have confirmed the effectiveness and efficiency of the work of the Board and the Committees, the adequacy of pre-board meeting information and the comprehensiveness of the examination and discussion of the items of business on the agenda of the meetings. The independent directors expressed their satisfaction at the corporate initiatives addressed to learning about the business, organised during the entire period of the Board's mandate. The Company, during this three-year period, continued to pursue its analysis and implementation of the internal control and risk management system, which the Board has deemed adequate in view of the characteristics and business of the EI Towers Group. The governance decisions made have been deemed consistent with and tailored to the corporate reality. On the subject of related parties, the Board has deemed the company Procedure on the issue to be suitable and effective, and likewise the information sources established. The Board finally, as indicated in its reports to the General Meeting of Shareholders next 21 April on the appointment of the directors (published on the website www.eitowers.it, Governance/General Meeting/Meeting documents section), presented its guidelines on the composition of the new Board of Directors, expressing the hope that the Shareholders, in view of the upcoming candidacies, maintain a similar level of Board quality as regards the competences and experience represented, taking account of the gender and other characteristics of the candidates. In this sense, for the purposes of further enriching the Board with people/professional competences and expertise, the directors have also deemed it appropriate to raise the possibility with Shareholders of an increase in the number of directors.

The General Meeting has not authorised any exceptions to the prohibition of competition established by art. 2390, Italian civil code.

4.4 DELEGATED BODIES

Managing Directors

Taking account of the Company's organisational needs in relation to the activities performed by same, the Board of Directors, in its meeting of 29 February 2012, appointed Directors Guido Barbieri and Valter Gottardi to the position of Managing Directors.

CEO Guido Barbieri was charged with responsibility for the Corporate and Management of the Company, with powers of ordinary administration up to the maximum amount of Euro 2,500,000.00 per individual operation. Pursuant to the Bylaws, CEO Guido Barbieri represents the Company within the limits of the powers conferred upon him.

CEO Valter Gottardi was charged with responsibility for the Business of the Company, with powers of ordinary administration up to the maximum amount of Euro 2,500,000.00 per individual operation and with powers of extraordinary administration up to the maximum amount of Euro 500,000.00. Pursuant to

² The current Board of Directors will expire with the next General Meeting called to approve the financial statements at 31 December 2014, convened to take place on 21 April.

the Bylaws, CEO Valter Gottardi represents the Company within the limits of the powers conferred upon him.

The situation of interlocking directorate envisaged by the Self-Disciplinary Code does not apply to the Managing Directors because they do not hold directorships at other issuers.

4.5 OTHER EXECUTIVE DIRECTORS

In addition to the Managing Directors, director Piercarlo Invernizzi (the EI Towers S.p.A. Technical Office manager) is an executive director on the Board.

4.6 INDEPENDENT DIRECTORS

You are reminded that the provisions of art. 37 of the Market Rules on the subject of the composition of the Board of Directors are applicable to the Company, which is subject to the direction and coordination of Mediaset S.p.A.. The Board of EI Towers S.p.A. is therefore composed of a majority of independent directors, and likewise the Committees within the Board (Control and Risks Committee and Remuneration Committee) are composed entirely of independent directors. The composition of the Board is also in compliance with the provisions of art. 2.2.3, sub-section 3, letter I) of the Borsa Italiana Rules, with reference to STAR issuers, which entail the application of the principles and implementation criteria provided by articles 2 and 3 of the Self-Disciplinary Code to the composition of the Board and the role and functions of the non-executive and independent directors.

Pursuant to the Self-Disciplinary Code and current regulations, on 7 March 2012, during the first useful meeting after the appointments and delegations of power at the general meeting of 29 February 2012, on the basis of information and statements provided by interested parties and available to the company, the Board assessed the independence requirements of its non-executive directors Alberto Giussani – Chairman – Manlio Cruciatti, Richard Hurowitz and Michele Pirotta and announced the outcome of the assessment that same day. The same assessment was performed by the Board during subsequent financial years and most recently on 7 May 2014.

As also set out in **Table 2** at the end of this Report, all the aforementioned directors are in possession of the independence requirements pursuant to art. 148, sub-section 3, TUF, to the Self-Disciplinary Code and to art. 37 of the Market Rules.

The Board performed its assessments taking account more of the substance than the form, applying the criteria set out in the Self-Disciplinary Code.

Each independent Director has also undertaken to inform the Board of Directors promptly of situations in which their independence requirements no longer exist.

The Board of Statutory Auditors, on 12 June 2013, verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of the Directors and agreed with the relative outcomes, also with regard to the requirements of the Antitrust Authority as described in this section.

The independence of the directors is assessed annually by the Board, also in relation to compliance with the measures prescribed by the Competition and Markets Authority on the subject of the directors' independence (provision no. 23117, 14 December 2011, with which the Authority authorised the merger between DMT S.p.A. and EI Towers S.p.A. on 2 January 2012). The verification, conducted most recently on 7 May 2014 on the basis of the statements provided by each director and on information available to the Company, confirmed compliance with the aforementioned measures.

The Board of Statutory Auditors, on the same date, verified the correct application of the evaluation criteria and procedures introduced by the Board of Directors to assess the independence of its directors

and was in agreement with the relative outcomes, also in relation to the requirements of the Anti-Trust Authority.

On 5 November 2014, the independent Directors met without the other directors to discuss business development and the evolution of the company and the governance of same and the group, during the mandate of the board.

4.7 CHAIRMAN OF THE BOARD OF DIRECTORS

The General Shareholders' Meeting of 29 February 2012 appointed Mr Alberto Giussani, non-executive independent director, to the position of Chairman of the Board of Directors, who represents the Company pursuant to the Bylaws.

You are reminded that the majority of the members of the current Board of Directors are independent directors, including the Chairman. No management powers were therefore conferred upon him.

The Chairman convenes and directs the board meetings, coordinating the activities of the Board with the support of the Head of Corporate Affairs Office and the Board Secretary.

4.8 BOARD BRIEFING

Also pursuant to the Bylaws (art. 15), the Managing Directors, each in their own sphere of responsibility, provide wide-ranging, comprehensive information during all board meetings about all the items on the agenda and on the activities performed in exercising the powers conferred upon them.

At least quarterly, and specifically at the time of the examination of the periodic Financial Reports, the Managing Directors report to the Board of Directors and the Board of Statutory Auditors on the general management trend and its foreseeable evolution, as well as on the most significant operations performed by the Company and its subsidiaries.

Finally, in compliance with the provisions of the bylaws, the civil code and the Related Party Procedure, the delegated bodies, during the first useful meeting, provide a wide-ranging information briefing on transactions with the company that performs direction and coordination activities with regard to the Company, describing the main terms and conditions and the relative reasons, also in relation to the interests underlying the performance of same.

4.9 LEAD INDEPENDENT DIRECTOR

In light of the previous paragraphs, the conditions set out by the Self-Disciplinary Code for the appointment of a *Lead Independent Director* do not exist.

The Board of directors has not set up an Executive Committee.

5. TREATMENT OF CORPORATE INFORMATION

Insider information

On 26 July 2012, as proposed by the Chairman, the Board of Directors adopted the EI Towers S.p.A. "Management and disclosure of insider information" procedure (hereafter also the "Procedure"). This

procedure also regulates the “Register of persons with access to insider information” (the so-called “Insider Register”) pursuant to art. 115-bis, TUF.

The procedure is applied to the members of the corporate bodies and the employees of the Company and its subsidiary companies who have access to significant and/or insider information.

The management of corporate information is supervised by the CEO Corporate and Management, who draws on the contributions of the internal Corporate Affairs Office and the Central Management, Development and Communication Office functions.

Everyone to whom the procedure is applicable are bound to keep confidential the documents and information acquired during the performance of their duties, and insider information in particular. Disclosures to the authorities and the public are performed within the terms and in the manner established by current regulations, in compliance with the principle of information parity and the provisions of the procedure.

The Company's competent corporate functions have made provision for the diffusion of the procedure among the human resources of the Issuer and its subsidiary companies.

The CEO Corporate and Management, as charged by the Board of Directors, constantly monitors the application and revision of the procedure in order to ensure that it is effective.

The persons entered in the Insider Register are those who, because of their business or professional activities, or as a result of the functions they perform in the framework of relationships with the Issuer and/or its subsidiary companies, have access to significant and/or insider information.

The Company has determined that the person responsible for the keeping, management and updating of the Insider Register is the Head of Corporate Affairs Office.

On 26 June 2014, the Board of Directors took note of the regulatory changes introduced in the Procedure, mainly with regard to forecasts on the storage and filing of information subject to the regulations (following the activation of the first storage mechanism authorised by Consob) and with regard to the Insider Register (with the inclusion of the rating agencies among the possible subjects to enter in the Insider Register, pursuant to EU regulation no. 596/2014 on market abuse).

Internal Dealing

On 27 September 2012, the Board of Directors adopted the EI Towers S.p.A. procedure on the “Management and disclosure of transactions performed by significant persons and by persons closely associated with them” (hereafter also the “Internal Dealing Procedure”). This procedure regulates internal management and the disclosure to Consob and the public of transactions performed by significant persons and persons closely associated with them (so-called “*Internal Dealing*”), pursuant to art. 152-sexies and subsequent of the Issuer Regulations.

The Internal Dealing Procedure is applied to the significant persons in the Issuer and, where identified, in significant subsidiary companies.

The competent corporate functions of the Company have made provision for the diffusion of the Internal Dealing Procedure among the human resources of the Issuer and its subsidiary companies.

The CEO Corporate and Management, as charged by the Board of Directors, makes provision for the constant monitoring of the application and revision of the procedure in order to ensure that it is effective.

The Company has identified the Corporate Affairs Office manager as the person responsible for the receipt, management and disclosure to Consob and the public of the transactions performed by significant persons and the persons closely associated with them.

On 26 June 2014, the Board of Directors took note of the regulatory changes introduced in the Internal Dealing Procedure, with reference to provisions on the subject of the storage and filing of the information subject to the regulations (following the activation of the first storage mechanism authorised by Consob).

In compliance with the provisions of Borsa Italiana Rules and pursuant to the Internal Dealing Procedure (as well as to EU Regulation no 596/2014 on market abuse), significant persons are prohibited from performing transactions in the 15 days prior to the approval by the Board of Directors of the Company's accounting data for the period (so-called "Black Periods").

In compliance with Consob recommendations, the Company has made provision to create a special "Internal Dealing" section on its website (www.eitowers.it, Governance/Internal Dealing section).

6. BOARD COMMITTEES (art. 123-bis, sub-section 2, letter d), TUF)

Pursuant to the Bylaws (art. 15), the Board of Directors may set up one or more committees and/or commissions, purely for the purposes of consulting and/or making proposals, also in order to align the corporate governance system with the model stipulated by the Self-Disciplinary Code. The Board of Directors determines the number of members of each committee and/or commission and the duties attributed to same.

On 7 March 2012, the Board established the Control and Risks Committee and the Remuneration Committee, consisting entirely of independent directors. The establishment and operation of the Committees within the Board of Directors comply with the criteria set out in the Self-Disciplinary Code.

The Committees established by the Board have adopted their own operating rules and annual calendar of meetings, and report periodically to the Board on the activities performed.

The Control and Risks Committee has been confirmed by the Board of Directors as the competent committee with regard to the related party procedure and transactions of EI Towers Group, in application of the Company's Related Party Procedure.

7. APPOINTMENTS COMMITTEE

As the Board of Directors is composed of a majority of independent directors, and in consideration of the fact that the list voting mechanism established by art. 13 of the Bylaws for its election (see paragraph 4.1 above in this Report) ensures that the appointment procedure is transparent and that the composition of the Board is balanced, also in the event of the replacement of directors, the Board has not deemed it necessary to establish an Appointments Committee among its members. The relative functions are retained within the Board of Directors and coordinated by the Chairman. As reported in paragraph 4.3 above, the Board performed the annual self-assessment, also pursuant to art. 5.C.1 of the Self-Disciplinary Code.

8. REMUNERATION COMMITTEE

On 7 March 2012, the Board of Directors set up a Remuneration Committee with the characteristics set out in the Self-Disciplinary Code. Specifically, the Committee is composed of three independent directors, who remain in office until the expiry of the entire Board of Directors³:

Alberto Giussani, Chairman

Manlio Cruciatti

Richard Hurowitz.

³ The current Board of Directors will expire with the next General Meeting to approve the financial statements at 31 December 2014, convened to take place on 21 April 2015.

The Remuneration Committee has adopted its own operating rules, which are aligned with the criteria set out by the Self-Disciplinary Code and with the resolutions of the Board of Directors, according to which the work of the Committee is coordinated by the Chairman. Also pursuant to such rules, no director attends the meetings of the Committee in which the Board of Directors' proposals are formulated in relation to their own remuneration.

In 2014, the Remuneration Committee met four times, with overall attendance by directors standing at **75%**. The attendance details for each director are set out in **Table 2** at the end of this Report. The average length of each meeting was about fifty four minutes. Three meetings have been planned for financial 2015, of which one has taken place as of the date of this Report.

The meetings of the Committee, of which minutes have been duly taken, were attended by the Board of Statutory Auditors. The meetings were also attended by the Corporate Affairs Manager, who has been appointed Committee Secretary. At the invitation of the Committee and in relation to individual items on the agenda, meetings were also attended by persons who are not board members and specifically Human Resources and Organisation Management office.

The members of the Committee receive an attendance fee for attending each meeting in the amount determined by the General Shareholders' Meeting of 29 February 2012.

Functions of the Remuneration Committee

In its meeting of 7 March 2012, the Board of Directors assigned the competences provided by the Self-Disciplinary Code to the Remuneration Committee. These duties may be supplemented or modified by resolution of the Board of Directors.

In 2014, the Committee performed the following activities in its sphere of responsibility:

- it assessed the overall consistency and practical application of the Remuneration Policy defined by the Board of Directors for financial 2013 and approved by the General Shareholders' Meeting on 18 April 2013, considering it to be adequate. Also with reference to the aforementioned Remuneration Policy and with regard to the short term incentive system (MBO) for CEOs, as managers of the Company, during the year the Committee verified the achievement of the performance objectives for financial 2013 as established by the Board of Directors;
- it approved and submitted to the Board of Directors the proposed EI Towers S.p.A. Medium-Long Term Monetary Incentive System⁴;
- it formulated a proposed Remuneration Policy for directors and managers with strategic responsibilities, which was submitted to the Board of Directors for examination on 19 March 2014, and expressed its favourable opinion with regard to the second section of the 2014 Remuneration Report illustrating remuneration in previous years;
- it approved and submitted to the Board of Directors the proposed Regulations for the EI Towers S.p.A. Medium-Long Term Monetary Incentive System⁵ and expressed its favourable opinion with regard to the variable portion of the remuneration proposed for the CEOs, as managers with strategic responsibilities, as well as on the quantitative performance objectives to be achieved by each of them in the implementation of the system, regarding it as consistent with the Remuneration Policy defined for the Financial Year;
- it conducted the first assessments of the consistency and practical application of the 2014 Remuneration Policy.

The Committee also examined and took note of the novelties introduced in art. 6 of the Self-Disciplinary Code.

As reported in the previous Corporate Governance Report, the independent consulting company Hay Group S.r.l., which provides expert advice on the subject of remuneration policy for listed and private

⁴ The reference period for the System is the three-year period 2014-2016.

⁵ See note 4.

companies, provided the Remuneration Committee with support during the preparation of the aforementioned proposed Medium-Long Term Incentive System, approved by the Board of Directors on 19 March 2014.

Work continued during the first months of 2015 and, specifically, a meeting was held during which the Remuneration Committee:

- assessed the overall consistency and practical application of the remuneration policy defined by the Board of Directors for Financial 2014 and approved by the General Shareholders' Meeting on 24 April 2014, holding it to be adequate;
- approved and submitted to the Board of Directors the proposal to renew the EI Towers S.p.A. Medium-Long Term Monetary Incentive System for the three-year period 2015-2017;
- formulated a Remuneration Policy proposal for directors and managers with strategic responsibilities, which was submitted to the Board of Directors for examination on 19 March 2015, and expressed its favourable opinion on the second section of the 2015 Remuneration Report describing remuneration the previous financial year.

At the time of its being set up, the Board of Directors assigned the Remuneration Committee financial resources amounting to one hundred thousand euros annually to perform its functions, also with recourse to external consultants where deemed necessary and/or appropriate.

During its meetings, as resolved by the Board of Directors, the Committee had access to the corporate information and functions needed to perform the aforementioned duties.

For further information regarding this section of the Report, please see the Company's Remuneration Report published on the www.eitowers.it website in the Governance/Remuneration section.

9. DIRECTORS' REMUNERATION

On 19 March 2014, the Board of Directors, as proposed by the Remuneration Committee, defined the Policy on the remuneration of directors and managers with strategic responsibilities approved by the General Shareholders' Meeting on 24 April 2014.

For information regarding this section of the Report, please see the Remuneration Report for the Financial Year published on the www.eitowers.it website in the Governance/Remuneration section.

At the next annual General Shareholders' Meeting convened to take place on 24 April 2014, the Board will submit the Remuneration Report to it illustrating, amongst other things, the Policy on the subject of the remuneration of directors and managers with strategic responsibility drawn up by same (also available on the Company's website).

10. CONTROL AND RISKS COMMITTEE

On 7 March 2012, the Board of Directors set up the Control and Risks Committee, with the characteristics established by the Self-Disciplinary Code. In detail, the Committee is composed of three independent directors, who will remain in office until the expiry of the entire Board of Directors⁶:

Michele Pirota, Chairman
Manlio Cruciatti
Alberto Giussani.

⁶ The current Board of Directors will expire with the next General Meeting to approve the Financial Statements at 31 December 2014, convened to take place on 21 April 2015.

The Control and Risks Committee has adopted its own operating rules, which are aligned with the criteria established by the Self-Disciplinary Code and the resolutions of the Board of Directors, according to which the work of the Committee is coordinated by the Chairman.

In 2014, the Control and Risks Committee met seven times, with overall attendance by directors standing at **100%**. The attendance details for each director are set out in **Table 2** at the end of this Report. The average length of each meeting was about one hour and thirty four minutes. Seven meetings have been planned for financial 2015, of which two have taken place as of the date of this Report.

The meetings of the Committee, the minutes of which have been duly recorded, were attended by the Board of Statutory Auditors. The meetings were also attended by the Corporate Affairs Manager, who has been appointed Committee Secretary. At the invitation of the Committee and in relation to individual items on the agenda, meetings were also attended by persons who are not board members and specifically the Internal Audit function manager, the Director in Charge of the Internal Control and Risk Management Committee, the Manager in charge of corporate accounting documents, representatives of the independent auditors, the managers of specific corporate functions of the Company, and external consultants where deemed appropriate, according to their own respective competences.

The members of the Committee receive an attendance fee for each meeting attended. The amount of this fee was determined by the General Shareholders' Meeting of 29 February 2012.

Functions of the Control and Risks Committee

During its meeting of 7 March 2012, the Board of Directors assigned the responsibilities established by the Self-Disciplinary Code to the Control and Risks Committee. These duties may be supplemented or modified by resolution of the Board of Directors.

The Committee has been confirmed by the Board of Directors, in application of the Company's Related Party Procedure, as the committee with competence for the EI Towers Group related parties procedure and relative transactions.

In 2014, the Committee performed the following activities, among others, in its sphere of competence:

- it assessed, on a joint basis with the Manager in charge of corporate accounting documents and having heard the independent auditors Deloitte & Touche S.p.A. and the Board of Statutory Auditors, the main accounting standards applied to the Company and their consistency for the purposes of drawing up the consolidated financial statements, holding them to be correctly applied;
- it examined the results presented by independent auditors Deloitte & Touche S.p.A. in the report on fundamental issues to emerge during statutory auditing of the accounts and expressed a favourable opinion to the Board of Directors with regard to the assessment;
- it took note of activities to update the administrative accounting procedures of EI Towers Group and the relative controls, performed by the Manager in Charge, with the support of PricewaterhouseCoopers Advisory S.p.A., after the partial demerger of Towertel S.p.A. and the Company on 1 January 2014. The Committee also took note of the updates regarding the activities pursuant to Law 262/2005, performed by the Manager in Charge, for the purposes of issuing the certificates regarding the financial statements and the consolidated financial statements at 31 December 2014 and the half-year report in abbreviated form at 30 June 2014;
- having taken note of and being in agreement with the reasons for the decision, it expressed its favourable opinion on the proposal of the Director In Charge to assign to the company Protiviti S.r.l. the engagement to provide professional support services for the Internal Audit function manager in financial 2014;
- it examined and expressed its favourable opinion to the Board of Directors regarding the 2014 Audit Plan prepared by the Internal Audit function manager and the resources assigned to same;

- it examined the periodical Reports prepared by the Internal Audit function manager on the assessment of the internal control and risk management system of the Company and took note of the relative conclusions. The Committee also took note of the results of the operating assurance work performed by the Internal Audit function during the financial year and the periodical updates on the state of implementation of the 2014 Audit Plan approved by the Board of Directors, monitoring the adequacy, effectiveness and efficiency of this function;
- it took note of the annual report of the Director In Charge on the identification, assessment and method of management of the main corporate, strategic and process risks of EI Towers Group, performed according to the Enterprise Risk Management method, and expressed its favourable opinion on the matter to the Board of Directors;
- it expressed its favourable opinion to the Board of Directors with regard to the Enterprise Risk Management Policy of the Company for the purposes and in implementation of Internal Control and Management System Guidelines applicable to the risks of EI Towers Group;
- it expressed its favourable opinion to the Board of Directors regarding the update of the strategic objectives of EI Towers Group;
- it performed the functions attributed to it as the Committee competent for related party transactions;
- at the time of the approval of the Financial Statements and the Half-Year Financial Report, it reported to the Board of Directors on the activities performed by the Committee, as well as on the adequacy of the internal control and risk management system.

In order to provide support for the Board of Directors in approving the periodic financial reports, the Control and Risks Committee also performed preliminary activities during the Financial Year with regard to the main criteria used and the assessments made with reference to such Reports. The relative information was given to the Committee by the CFO and the Manager in charge of corporate accounting documents.

During the early months of 2015 this work continued and, specifically, two meetings were held during which the Control and Risks Committee, amongst other things:

- assessed, on a joint basis with the Manager in Charge and having heard the independent auditors Deloitte & Touche S.p.A. and the Board of Statutory Auditors, the main accounting standards applied in the Company and their consistency for the purposes of preparing the consolidated financial statements, holding them to be correctly applied;
- took note of the activities performed by the Manager in charge of corporate accounting documents pursuant to Law 262/2005 on the protection of Savings, for the purposes of issuing the certificate relating to the financial statements and the consolidated financial statements at 31 December 2014;
- expressed its favourable opinion on the proposal of the Director in Charge to engage the company Protiviti S.r.l. to provide professional services to support the Internal Audit function manager during financial 2015;
- took note of the results of the operating assurance work performed by the Internal Audit function to complete the 2014 Audit Plan and the relative final cost;
- examined and expressed its favourable opinion to the Board of Directors regarding the 2015 Audit Plan prepared by the Internal Audit function manager and the resources assigned to same;
- examined the periodical report prepared by the Internal Audit function manager regarding the assessment of the internal control and risk management system of EI Towers Group and took note of the relative conclusions;
- took note of the annual report of the Director in Charge on the identification, assessment and management method of the main corporate, strategic and process risks of EI Towers Group, performed on the basis of the Enterprise Risk Management methodology, expressing its favourable opinion with regard to the proposal of the Board of Directors;
- performed the functions attributed to it as the Committee competent for transactions with related parties;

- expressed its favourable opinion with regard to the paragraphs in the Corporate Governance Report describing the internal control and risk management system;
- reported to the Board of Directors on the activities performed by the Committee, as well as on the adequacy of the internal control and risk management system.

During the performance of the activities and on the basis of the reports and information received from the other internal control and risk management bodies, no facts of particular importance emerged such as to require reporting to the Board of Directors. The Committee therefore deemed that the Internal Control and Risk Management System is adequate as a whole and expressed its favourable opinion on the positive assessment of this System by the Board of Directors.

During its meetings, the Committee had access to the information and corporate functions needed to perform the aforementioned duties. The Committee did not draw on the services of external consultants.

At the time of its establishment, the Board of Directors assigned the Control and Risks Committee financial resources amounting to two hundred thousand euros annually to perform its functions, also with recourse to external consultants where deemed necessary and/or appropriate.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company Internal Control and Risk Management System (hereafter also the “System”), as defined by the Self-Disciplinary Code, is integrated in the Company’s organisation and governance arrangements.

The Board of Directors performs its functions with regard to the internal control and risk management system taking adequate account of Italian and international reference models and best practices.

On 14 December 2012, after receiving the favourable opinion of the Control and Risks Committee, the Board defined the EI Towers Internal Control and Risk Management System Guidelines (hereafter the “Guidelines”). The Guidelines, which are implemented by the Director in Charge, identify the Enterprise Risk Management model as the reference model for the supervision of the Internal Control and Risk Management System.

According to the Enterprise Risk Management methodology, risk management is organised based on the definition of the company’s strategy.

The main characteristics of the corporate risk management model (ERM Model) of EI Towers are:

- the prioritization of risks (strategic risks and operating, reporting and compliance risks);
- a qualitative and quantitative assessment model of such risks.

Enterprise Risk Management is a continuous process applied across the entire company, involves management at all levels (area managers, process managers and risk managers) and has the goal of managing corporate risks in line with risk appetite, in order to provide sufficient assurances that the objectives set will be achieved.

On 5 November 2014, with the favourable opinion of the Control and Risks Committee, the Board approved the Company’s “Enterprise Risk Management Policy”, which describes the ERM Model implemented by EI Towers and the elements that make up the System, as well as defining the roles, responsibilities and main activities performed in this framework by the actors involved and the relative methods of coordination. The ERM Policy, issued by the Director in Charge, is valid for the Issuer and its subsidiary companies.

During the Financial Year, the Board of Directors:

- with the favourable opinion of the Internal Control and Risks Committee, examined the Annual Report of the Director in Charge on the identification, assessment and management method of the main corporate, strategic and process risks of EI Towers Group, defining the type and level of risk that is compatible with the strategic objectives identified;

- at the proposal of the Director in Charge, with the favourable opinion of the Control and Risks Committee and having heard the Board of Statutory Auditors, engaged Protiviti S.r.l., an external company with adequate professionalism, independence and organisation requirements, to provide professional services to support the Internal Audit function manager in financial 2014;
- with the favourable opinion of the Internal Control and Risks Committee, having heard the Board of Statutory Auditors and the Director in Charge, approved the 2014 Audit Plan prepared by the Internal Audit function manager;
- with the favourable opinion of the Control and Risks Committee, updated the strategic objectives of EI Towers Group with reference to the new 2014-2018 Business Plan approved on 29 September 2014;
- in consideration of the results of the activities performed by the persons charged with supervising the Internal Control and Risk Management System and the periodical reports of the Control and Risks Committee, with the favourable opinion of same, has assessed such System as being adequate in general terms. The Board also assessed the adequacy of the organisational, administrative and accounting arrangements of the Company and its subsidiary companies of strategic importance, at present Towertel S.p.A., also with reference to the Internal Control and Risk Management System. The assessments were supported by special descriptive reports on the various operating and control structures prepared by the delegated bodies.

Finally, on 25 February 2015, the Board of Directors, with the favourable opinion of the Control and Risks Committee, examined the annual report of the Director in Charge on the assessment and management methods of the main corporate, strategic and process risks of EI Towers Group, defining the nature and the risk level compatible with the strategic objectives identified.

Main characteristics of the existing Internal Control and Risk Management Systems in relation to the financial information process (art. 123-bis, sub-section 2, letter b), TUF)

The risk management and internal control system regarding the financial disclosure process, developed in the framework of the Group, is addressed to guaranteeing the reliability, precision and timeliness of financial disclosures.

The Company, in defining its system, has been guided by indications provided by laws and regulations in force and with reference to international best practices on the subject, in order to guarantee the utmost consistency between the aims of the law and the organisation of the activities introduced to implement same.

Article 154-bis, TUF, has made provision for the introduction, in the framework of the corporate organisation of listed issuers, of the role of Manager in Charge of corporate accounting documents, who has been attributed specific responsibilities regarding corporate financial disclosures. For further details regarding the EI Towers Manager in Charge at and other roles and functions involved in this framework, see section 11.5 of this Report.

The internal control and risk management system, as regards the financial information disclosure process, takes the form of a set of administrative accounting procedures and tools to assess the adequacy and effective operation of same, which contribute to forming an internal control model that is maintained, updated and, if real opportunities for rationalisation and optimisation are identified, further developed.

The model is structured in three main phases:

- a) definition of the analysis framework with the identification and assessment of the risks involved;
- b) identification and documentation of controls;
- c) assessment of the adequacy and effective application of administrative and accounting procedures and the relative controls.

a) Definition of the analysis framework, with the identification and assessment of the risks involved

For the purposes of determining and planning verification activities regarding the adequacy and effective application of the Group's administrative and accounting procedures, the definition of the analysis framework describes the procedure that must be followed to determine the level of complexity, to identify and assess the risks involved, and to assess the materiality of the various areas of the financial statements. This procedure is addressed to assessing control mechanisms for transactions generated by the corporate processes that feed into accounting data and their transposition into financial reporting.

Significant, representative business processes are identified by means of a quantitative analysis of balance sheet items, applying the concept of materiality to aggregate items in the Group's consolidated financial statements, and a qualitative assessment of the processes based on their level of complexity. For every process identified as relevant, the "generic" risks that the financial reporting implicit in the process is not reliable are then defined, with reference to the so-called financial statement assertions (existence and occurrence, completeness, rights and obligations, assessment and registration, presentation and disclosure), which represent the control objectives.

The Manager in Charge reviews the definition in the reference framework at least annually and whenever factors arise that may modify the analysis performed in a significant manner.

b) Identification and documentation of controls

Control mechanisms are defined through a process of identification of the administrative and accounting procedures and same respond to various control assertions⁷. The controls identified and specifically applied in the performance of the activities are formalised in a special matrix ("Risk and control matrix"), in which their relationship is established with "generic" risks that the financial reporting is not reliable.

The administrative and accounting procedures and relative controls are periodically monitored and updated by means of a process coordinated by the Manager in Charge. With particular reference to the performance of activities involved in the assessment, alignment and documentation of the system, the Manager in Charge collaborates with process owners to promptly identify the events that can influence or modify the reference scheme, the updating of the administrative and accounting procedures, the introduction of the new controls, and the implementation of any improvement plans within the respective processes.

c) Assessment of the adequacy and effective application of administrative and accounting procedures and the relative controls

The assessment of the adequacy and effective application of the administrative and accounting procedures, performed by means of specific testing activities, is addressed to guaranteeing both the intention and the operation of the controls identified.

Testing is performed to ensure the effective application of the controls identified with regard to the "testing strategy" defined. Every six months, the Internal Audit function prepares a report describing the activities performed and outcomes of tests.

Based on the results of testing activities, the Manager in Charge defines a plan to remedy any failings that could have a negative impact on the effectiveness of the System.

⁷ The reference control assertions are:

- accuracy: the control ensures that all the details of individual transactions have been correctly processed;
- completeness: the control ensures that all the transactions are processed and processed only once;
- validity: the control ensures that the transaction processed has been submitted to suitable levels of authorisation and effectively refers to corporate reality;
- restricted access: the control ensures that access to information and transactions is adequately configured as a function of the roles and responsibility recognised by the company.

The Manager in Charge, in collaboration with process owners in the various areas of competence, coordinates the introduction of any improvement plans and ensures that they have been implemented.

The Manager in Charge reports periodically, at the time of the annual and half-year financial statements, or as required, to the Control and Risks Committee and the Board of Statutory Auditors on the assessment of the adequacy and effective application of the administrative accounting controls and procedures, and also on the observance of the remedial plans drawn up.

11.1 DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors, on 7 March 2012, in consideration of the sphere of responsibility attributed to same, identified CEO Corporate and Management Guido Barbieri as the Director in Charge of the Internal Control and Risk Management System (hereafter “Director in Charge”), assigning same the duties established by the Self-Disciplinary Code. The Director in Charge will remain in office until the expiry of the entire Board of Directors⁸.

During the period of the mandate, the Director in Charge worked on aligning the Internal Control and Risk Management System with operating condition dynamics and the legal and regulatory framework in which the Company operates.

The Director in Charge implemented the Internal Control and Risk Management System Guidelines defined by the Board of Directors on 14 December 2012. The identification and assessment model for corporate processes, risks and relative management methods (ERM Model), enables the Director in Charge, taking account of the characteristics and business activities of EI Towers Group, to manage the identification of the main corporate risks and submit them for discussion to the Board of Directors.

The Director in Charge receives support in the implementation and maintenance of the ERM Model, as well as in all the implementation and operating management activities connected with the annual ERM process, by independent outside consultants with expertise in Risk Management engaged by the Director (PricewaterhouseCoopers Advisory S.p.A.).

During the Financial Year, the Director in Charge:

- reported to the Control and Risks Committee and the Board of Directors, as well as to the Board of Statutory Auditors, with regard to the identification/updating of the strategic objectives of EI Towers Group with reference to the new 2014-2018 Business Plan approved on 29 September 2014, taking account of the reference economic and regulatory setting;
- issued the Company Enterprise Risk Management Policy approved by the Board of Directors on 5 November 2014.

The Director in Charge reports annually to the Control and Risks Committee and the Board of Directors, as well as to the Board of Statutory Auditors, on the assessment and methods of management of the main corporate strategic and process risks of the Company.

During the work performed by the Director in Charge no significant problem or critical issue was referred to the Control and Risks Committee or the Board of Directors.

11.2 INTERNAL AUDIT FUNCTION MANAGER

The Board of Directors has appointed the Internal Audit function manager, who is assigned the task of verifying that the Internal Control and Risk Management System (hereafter also the “System”) is operational and adequate. Specifically, during 2012, the Board, as proposed by the Director in Charge,

⁸ The current Board of Directors will expire with the next General Meeting to approve the Financial Statements at 31 December 2014, convened to take place on 21 April 2015.

with the favourable opinion of the Control and Risks Committee and having heard the Board of Statutory Auditors, has confirmed Mr. Ettore Sironi, formerly the Internal Audit manager of DMT S.p.A., as the Internal Audit manager of the Company. The Internal Audit manager is not responsible for any operating area and reports to the CEO Corporate and Management, who reports to the Board of Directors. The Board, pursuant to the Self-Disciplinary Code, is also responsible for terminating the mandate and defining the remuneration of the Internal Audit manager.

The objectives, powers and responsibilities of the Internal Audit function are defined in the Mandate approved by the Board of Directors.

As reported in the previous Corporate Governance Reports, since 2013, for the purposes of strengthening the Internal Audit function with regard to the performance of its control duties, the Board of Directors, as proposed by the Director in Charge, with the favourable opinion of the Control and Risks Committee and having heard the Board of Statutory Auditors, has engaged Protiviti S.r.l., an independent company specialising in the Risk, Compliance and Internal Audit area, to provide professional services to support the Internal Audit function manager. This decision, at the proposal of the Director in Charge, with the favourable opinion of the Control and Risks Committee and having heard the Board of Statutory Auditors, was confirmed by the Board for financial 2014 and most recently, on 25 February 2015, also for the current year.

The Internal Audit function is specifically required to verify the effective operation and suitability of the Internal Control and Risk Management System, by means of an Audit Plan, approved annually by the Board of Directors, based on a process of structured analysis and prioritisation of the main risks.

On 26 February 2014, the Board of Directors, in compliance with the provisions of the Self-Disciplinary Code, approved the 2014 Audit Plan and assigned the Internal Audit manager financial resources amounting to one hundred thousand euros to perform his responsibilities.

During the Financial Year, the Internal Audit manager, with the support of Protiviti S.r.l., in the framework of planned activities, performed audit work (operating and pursuant to Legislative Decree 231/01) on corporate processes, including the information systems. The relative reports, containing the results of the examinations performed, were presented respectively to the Control and Risks Committee, the Board of Statutory Auditors and the Supervisory Body.

During the performance of his assignment, the Internal Audit manager had access to all the information he needed.

The objectives, powers and responsibilities of the Internal Audit function are defined in the Mandate approved by the Board of Directors.

The Internal Audit manager, at the time of the approval of the annual and half-year financial statements, prepared his periodic report, containing an overall assessment of the Internal Control and Risk Management System, and submitted it to the Chairman of the Board of Directors and the other System players indicated in the Self-Disciplinary Code. The Reports were examined by the Control and Risks Committee and subsequently submitted to the Board of Directors. No evidence has emerged from the activities performed and the information gathered by the Internal Audit function such as to encourage the belief that the Internal Control and Risk Management System of EI Towers Group is not suitable to achieve an acceptable overall risk profile.

No specific incentive mechanisms have been established in the current financial year for the Internal Audit function manager.

11.3 ORGANISATION MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

On 24 July 2014, the Board of Directors approved the new version of the Organisation Model (hereafter the "Model") of the Company pursuant to Legislative Decree 231/01 (the most recent previous update

was introduced by board resolution on 31 October 2012). The recent update takes account primarily of the legislative evolution of Decree 231, with specific reference to the types of crime introduced in the period up to the date of approval of the Model (i.e. environmental offences, employment of the citizens of third party countries who are in Italy illegally and corruption between private individuals). In line with recent best practices on the subject, a new third section was also introduced into the Model (which joins the general sections regarding Legislative Decree 231 and the descriptions of the EI Towers Model), which for each of the various areas at risk indicates the organisational actions taken by the Company in order to neutralise or in any case contain risks in relation to Legislative Decree 231.

The Company has also deemed it appropriate to update the Group Code of Ethics by reformulating/implementing certain principles, in such a way as to better define, also in operating terms, the conduct in compliance with the company's ethical principles that is expected from the people to whom it applies. The update to the EI Towers Group Code of Ethics was approved by the Board of Directors, also on 24 July 2014.

The EI Towers Organisation Model makes provision for a collegiate Supervisory and Control Body (ODVC). On 7 March 2012, the Board of Directors appointed the ODVC, assigning the relative functions to three members, of whom two external, all in possession of the specific subjective requirements necessary (integrity, professionalism, no reasons for incompatibility or conflicts of interest). The ODVC will remain in office until the end of the mandate of the Board that appointed it, or in other words until the date of the general shareholders' meeting convened to approve the Financial Statements at 31.12.2014. The members of the ODVC are:

Furio Ghezzi, Chairman – external member;
Michele Milano – external member;
Rossella Agostoni – internal member.

Pursuant to the provisions of the Model, there were no reasons for any of the members of the ODVC to lapse during the Financial Year.

The ODVC has been granted the broadest possible powers to ensure prompt and efficient supervision of the operation of and compliance with the Organisation Model. The ODVC is supported primarily by the Internal Audit function and performs its own duties, where necessary, with the support of other corporate functions or external consultants. For the specific purposes of performing the supervisory and control activities attributed to it, the Board of Directors annually assigns the ODVC adequate financial resources, which are reviewed from time to time according to any specific needs arising, in order to permit it to perform its functions with full economic and management independence.

During the Financial Year, the Supervisory Body met six times. At the time of the approval of the annual and half-year financial reports, the ODVC reported to the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors pursuant to the provisions of the Company's Organisation Model.

During the first half of the Financial Year, following the partial demerger in the Company on 1 January 2014, subsidiary company Towertel S.p.A. completed the activities needed to implement its own Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (the "Model"). The Model was approved by the Board of Directors of the company on 24 July 2014. The alignment process was performed with reference to the types of crime set out by Decree 231 at the time of the examination (including environmental offences, employment of the citizens of third party countries who are in Italy illegally and corruption between private individuals), taking account of the organisation and nature of the activities performed by Towertel S.p.A..

11.4 INDEPENDENT AUDITORS

The General Shareholders' Meeting of 18 April 2013, in agreement with the reasoned proposal prepared by the Board of Statutory Auditors, conferred the engagement for the statutory auditing of the accounts

(auditing of the financial statements and the consolidated financial statements and limited auditing of the half-year report) of the Company for the financial years from 2013 to 2021 on Deloitte & Touche S.p.A.

11.5 MANAGER IN CHARGE OF CORPORATE ACCOUNTING DOCUMENTS

The Board of Directors, on 7 March 2012, after verifying the requirements of professionalism and integrity established by the law and the Bylaws (art. 20) and after receiving the favourable opinion of the Board of Statutory Auditors, appointed as the Manager in Charge of corporate accounting documents (hereafter “Manager in Charge”) of the Company, the EI Towers Group CFO Fabio Caccia, resolving to pay same a gross annual fixed fee consistent with the duties assigned to him. On appointment, all the duties provided by current legislation (art. 154-bis, TUF) and the Self-Disciplinary Code (art. 7) were assigned to same. Within the budget limits approved by the Board, financial resources are assigned to same annually, amounting in the Financial Year in question to one hundred and fifty thousand euros, for the full performance of the aforementioned duties.

The Manager in Charge reports periodically, at the time of the approval of the annual and half-year financial report, or as required, to the Control and Risks Committee and the Board of Statutory Auditors on the activities undertaken to monitor, control and implement the EI Towers Compliance Model pursuant to Law 262/05.

The Manager in Charge is assisted by the competent corporate administrative functions (Administration and Consolidated Financial Statements in particular) and may draw on the support of external consultants within the limits of the financial resources assigned to same.

The Internal Audit function performs activities to verify the adequacy and effective application of the administrative and accounting procedures.

11.6 COORDINATION AMONG PERSONS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On 5 November 2014, the Board of Directors, with the favourable opinion of the Control and Risks Committee, approved the Company's Enterprise Risk Management Policy, which defines and describes the EI Towers ERM Model (see paragraph 11 above) and the elements that comprise the System, as well as defining the roles, responsibilities and main activities performed in this framework by the actors involved and the relative methods of coordination. Such coordination, with the support of the Corporate Affairs Office, takes place specifically by means of information flows/exchanges of information between such subjects, in observance of the provisions of the law, of the Self-Disciplinary Code and the practices, procedures and models adopted.

12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

The Board of Directors, on 31 October 2012, in consideration of the changes in the ownership and governance structure of the Company after the merger between EI Towers S.p.A. and DMT S.p.A., introduced the EI Towers Group Related Parties Procedure.

Pursuant to article 4, sub-section 3, Related Party Regulations, the Control and Risks Committee, consisting entirely of independent directors with the necessary competences, issued a favourable opinion on the Related Parties Procedure on 26 October 2012.

The Related Parties Procedure, which is available for consultation on the www.eitowers.it website, Governance/Related Parties section, establishes the rules for the identification, approval, performance and disclosure of related party transactions performed by the Company, directly or through subsidiary companies, in order to ensure the transparency and the material and procedural correctness of the transactions, also in cases of the exclusion of the application of these rules. Specifically, the Related

Parties Procedure has identified transactions of greater and lesser importance, establishing the rules for the performance of same and identifying the transactions to which the aforementioned rules are not applied. Excluded transactions include, in particular, low value transactions (total no greater than Euro 150,000.00), operations with or between subsidiary and associated companies, and ordinary operations.

The General Shareholders' Meeting of 18 April 2013, as proposed by the Board of Directors, approved, among other things, the amendments to the bylaws resulting from the decisions made by the Company with regard to urgent related party transactions and transactions of greater importance with related parties in the presence of a negative opinion from or with observations by the independent directors, introducing article 17 "Related Party Transactions" into the company bylaws. The Bylaws are published on the www.eitowers.it website in the Governance/Governance System section.

During 2013, the Company, also taking account of the Consob recommendation contained in Communication no. DEM/10078683, 24 September 2010, conducted the appropriate detailed studies and assessments of the Related Parties Procedure. In light of the introduction of the new Related Parties Procedure during 2012 and of relative application practice, the Company has proposed not to revise same in any way. The Control and Risks Committee, on 13 December 2013, also on the basis of the experience gained by the Committee, deemed the Related Parties Procedure to be effective and suitable for the purposes of complying with regulations on the subject and was in agreement with the aforementioned proposal made by the Company. The Board of Directors, in its meeting of 16 December 2013, also having taken note of the opinion expressed by the Control and Risks Committee, decided to leave the Procedure unchanged.

As regards any directors' interests, without prejudice to the application of the provisions of the Related Party Procedure and compliance with art. 2391, Italian civil code, the Board of Directors has established that the Directors involved must give full notice to the other Directors and the Board of Statutory Auditors about every interest, even potential, which they have in a certain Company transaction, on their own behalf or on behalf of third parties, independently of a situation of conflict, specifying the nature, terms, origin and extent of same; if the person involved is a Managing Director, they must also refrain from performing the operation.

13. APPOINTMENT OF STATUTORY AUDITORS

The appointment and replacement of statutory auditors are regulated by article 18 of the Bylaws. Specifically, the control of the Company is vested in a Board of Statutory Auditors made up of three standing auditors and three alternate auditors. The Statutory Auditors remain in office for three financial years and may be re-elected.

The statutory auditors are appointed by the General Meeting on the basis of lists. In order to ensure the appointment of a standing and an alternate statutory auditor presented by the minority, lists are presented comprising two sections: one for the appointment of the standing auditors and the other for the appointment of the alternate auditors. The lists must contain a minimum number of candidates equal to the number of candidates to elect, listed by means of a progressive number. The lists, in the section regarding standing statutory auditors and alternate statutory auditors, must include candidates of different genders in the first two places.

Shareholders have a right to present a list if they represent, alone or together with other shareholders, at least **2.5%** of the shares with voting rights at the ordinary shareholders' meetings or who represent a lower percentage that may be established by mandatory provisions of laws or regulations. This latter percentage will be communicated from time to time in the notice of convocation of the general meeting called to resolve on the appointment of the Statutory Auditors. At the General Meeting to appoint the Board of Statutory Auditors of the Company on 24 April 2014, the percentage equity stake determined by Consob (resolution no. 18775/2014) pursuant to art.144-quater of the Issuer Regulations, was equal to the percentage established by the Company Bylaws (**2.5%**).

The statutory auditors are elected as follows:

The first two candidates, elected in progressive order, of the list that obtains the most votes and the first candidate in progressive order of the list with the second largest number of votes are elected as standing auditors. The first two candidates in progressive order of the list of alternate auditors that obtains the most votes and the first candidate of the list of alternate auditors with the second largest number of votes are elected as alternate auditors.

In the event that two or more lists receive the same number of votes, such lists will be voted on again in a second ballot in compliance with the law as it stands at the time, also with regard to gender balance, and the candidates on the list that obtains the simple majority of votes will be elected. In the event two or more lists are presented, the first candidate in progressive order of the list that obtains the most votes after the first is chairman.

If only one list has been presented, the general meeting votes on it by relative majority.

In the event of death, waiver, expiry or in any case ceasing of the office of standing auditor, the alternate auditor elected in first place on the list takes over, as long as such replacement ensures gender balance. If it does not, the alternate auditor elected in second place on the same list takes over. If only one list has been presented, in the event of the replacement of the chairman, the Board of Statutory Auditors chooses and appoints among its members the new chairman who remains in office until the first general meeting, which must appoint a new member to the Board of Statutory Auditors.

If there are no lists, the Board of Statutory Auditors and its chairman are appointed by resolution of the general meeting with the legal majority and in accordance with the law on the subject of gender balance.

The general meeting, which shall make provision for the appointment of the statutory auditors necessary to complete the board pursuant to article 2401, Italian civil code, shall choose, with the legal majorities, among the names on the list to which the statutory auditor who left office belonged; if no names are available, the general meeting makes provision for the replacement with the legal majorities. All in accordance with the law on gender balance.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (art. 123-bis, sub-section 2, letter d), TUF)

The current Board of Statutory Auditors of the Company, comprising three standing members and two alternate members, was elected by resolution of the General Meeting of 24 April 2014 and will remain in office until the general meeting called to approve the financial statements at 31 December 2016.

At the time of the aforementioned General Meeting, two lists were presented: **List no. 1** presented by majority shareholder Elettronica Industriale S.p.A., the holder at that time of an equity stake representing **65.001%**⁹ of the share capital, and **List no. 2**, presented by shareholders Amber Capital UK LLP (as manager of the fund Amber Southern European Equity Limited) and Amber Capital Italia SGR S.p.A. (as manager of the fund Alpha UCITS Sicav/Amber Equity Fund), representing a total equity stake of **2.0489%** of the share capital of the Company.

Below are the candidates in each list presented and the relative percentage of the votes obtained as a proportion of the voting capital (20,202,217 shares representing **71.48%** of the share capital):

- **List no. 1** – candidates for the position of Standing Auditor: Francesco Vittadini, Anna Girello, Marco Armarolli; candidates for the position of Alternate Auditor: Francesco Antonio Giampaolo, Flavia Daunia Minutillo, Giancarlo Povoleri.
Statutory Auditors Elected: Francesco Vittadini and Anna Girello as Standing Auditors; Francesco Antonio Giampaolo and Flavia Daunia Minutillo as Alternate Auditors.
List no. 1 obtained no. 11,489,414 votes equal to **56.872%** of the voting capital;
- **List no. 2** – candidates for the position of Standing Auditor: Antonio Aristide Mastrangelo, Giuliana Santamaria, Marco Salvatore; candidates for the position of Alternate Auditor: Federica Perli, Attilio Spinelli, Paolo Campisi.

⁹ As of 4 April 2014, the majority shareholder Elettronica Industriale S.p.A. holds 40.001% of the share capital of the Company.

Statutory Auditors Elected: Antonio Aristide Mastrangelo as Standing Auditor; Federica Perli as Alternate Auditor.

List no. 2 obtained no. 8,087,881 votes equal to **40.035%** of the voting capital.

Standing Auditor Antonio Aristide Mastrangelo, entered in first place on minority List no. 2, was appointed Chairman of the Board of Statutory Auditors.

The composition of the Board of Statutory Auditors is set out in **Table 3** at the end of this report.

With the General Meeting on 24 April 2014, which was the natural expiry of the previous Board of Statutory Auditors, Mr. Marco Armarolli ceased to hold the office of Standing Auditor.

There were no changes as of the date of the end of the Financial Year.

For information about the personal and professional characteristics of the members of the Board of Statutory Auditors of the Company, please consult the information available on the www.eitowers.it website, Governance/Corporate Bodies/Board of Statutory Auditors section.

During the Financial Year, the Board of Statutory Auditors met a total of ten times (the outgoing Board met three times and the newly appointed Board of Statutory Auditors seven), with overall attendance standing at **100%**. The attendance details for each Statutory Auditor are set out in **Table 3** referring to the structure of the Board of Statutory Auditors reported at the end of this Report. The average length of each meeting was about two hours and thirty minutes.

About ten meetings have been planned for financial 2015, of which four have taken place as of the date of this Report.

As disclosed to the market, at the time of their appointment by the general meeting on 24 April 2014, all the Statutory Auditors declared they satisfied the requirements provided by the law and the bylaws to hold office.

In the first meeting after their appointment, on 7 May 2014, in compliance with the provisions of the law, applicable regulations and the Self-Disciplinary Code, the Board of Statutory Auditors verified the independence of its members and confirmed the independence requirements of each Statutory Auditor. Specifically, the members of the Board declared and verified:

- that they satisfy the independence requirements provided by article 148, paragraph 3, Consolidated Financial Act;
- that they satisfy the independence requirements provided by the Self-Disciplinary Code introduced by the Company;
- that they have no links with the companies that control the Issuer, even indirectly, or with those subject to joint control by same, or with the directors of the aforementioned companies, through relationships of freelance or subordinate work, or through other equity or professional relationships such as to compromise their independence.

On the same date, the Board also performed its verification activities on the correct application of the verification criteria and procedures adopted by the Board to assess the independence of its members, being in agreement with the evaluations expressed by same.

The Board of Statutory Auditors also monitored the independence of the audit firm.

Once again during 2014, the statutory auditors attended meetings with the company's management in order to learn more about the business sector in which it operates, the relative organisational structure and the legal framework (for further details see the *Induction Programme* described in paragraph 4.2 of this Report).

As envisaged by the Self-Disciplinary Code, Statutory Auditors who, on their own behalf or on behalf of third parties, have an interest in a certain Company transaction promptly and fully inform the other Statutory Auditors and the Chairman of the Board of Directors of the nature, term, origin and scope of their interest.

The Board of Statutory Auditors participates in the work of the Control and Risks Committee, receiving and exchanging information also with other actors in the Internal Control and Risk Management System (such as, for example, the Director in Charge, the Internal Audit function, the ODVC, the Manager in Charge)¹⁰. In the framework of its supervisory activities, during the year it plans meetings with the managers of corporate functions that oversee company areas or processes, receiving information regarding their management. The Board of Statutory Auditors, if necessary, on internal control issues of common interest, liaises with the Control and Risks Committee to plan such meetings to coincide with Committee meetings.

In performing its activities, the Board of Statutory Auditors also attended the meetings of the Remuneration Committee.

15. RELATIONS WITH SHAREHOLDERS

The Company's website, www.eitowers.it, contains both economic and financial information (Financial reports, presentations to the financial community, the market trend of financial instruments issued by the Company), mainly in the "Investors" section, as well as information and documents of interest to all shareholders (press releases, composition of corporate bodies, Company Bylaws, General Meeting Regulations and documentation, documents and information regarding corporate governance and the Organisation Model pursuant to Legislative Decree no. 231/2001) in the "Governance" section.

Responsibility for managing shareholder relations has been assigned by the Board of Directors to the CEO Corporate and Management, Guido Barbieri. The Board also identified the corporate structures in charge of this function:

- the Corporate Affairs Office, which supervises relations with retail investors and institutional entities;
- the Investor Relations function, which supervises relations with the financial community.

The contact details and telephone numbers of the Corporate Affairs Office and Investor Relations are available on the Company's website.

No later than the end of January, the Company publishes its financial calendar for the fiscal year on its website, for consultation by the market and the public.

16. GENERAL MEETINGS (art. 123-bis, sub-section 2, letter c), TUF)

The General Shareholders' Meeting is the corporate event at which a profitable dialogue is entered into by the Company's shareholders and Board of Directors.

Also pursuant to articles 8 and following of the Bylaws, shareholders' meetings represent the universality of the shareholders and their resolutions, passed in conformity with the law and the Bylaws, are binding for all shareholders, even those not voting or those opposed.

General Meetings are called by the administrative body, either at the company's head office or in another location in the European Union, whenever appropriate and in the cases provided by the law. Both the ordinary and extraordinary shareholders' meetings are convened through notice to be published within

¹⁰ For further details see the preceding paragraphs in this Report regarding the Internal Control and Risk Management System and the actors involved.

terms of the law on the Company's Internet site, as well as with the other means provided by applicable laws and regulations.

The Company provides the public with documentation regarding the items of business on the agenda of the general meeting by lodging same, within the legal term, at the company's head office, on the website www.eitowers.it, on the Borsa Italiana website and on the authorised storage mechanism.

Every shareholder to whom the rights of voting and participating in the shareholders' meeting accrue may elect to be represented by another person, including a person who is not a shareholder, according to the means provided in the notice of meeting, also by e-mail message sent to the address indicated in the notice of meeting before the start of work at the general meeting.

The shareholders' meetings are chaired by the chairman of the board of directors, or, should the chairman be absent or unable to attend, by the vice chairman, if appointed, or, should the vice chairman be absent or unable to attend, by another person elected by the shareholders' meeting by the majority vote of those present, according to the number of votes accruing to each shareholder present.

The validity of the constitution of the shareholders' meetings and of their resolutions is governed by the law. In the event of a sole session, the majorities referenced in Article 2369, Paragraph 1, second period of the Italian civil code are applied.

The application of the exemption, as provided by prevailing laws and regulations, from the obligation to launch a public purchase offer and/or public exchange offer consequent to merger or demerger transactions shall be precluded only if the majority of the shareholders opposing the related shareholder resolution – as determined on the basis of the provisions of applicable law – represents at least 7.5% of the share capital with voting rights.

The Company's Bylaws make no provision for shares with special voting rights.

The General Meeting has all the powers established by the law. Pursuant to the Bylaws (art. 15), the board of directors may resolve the establishment or the shutdown of secondary offices, the reduction of the share capital in the event of shareholder withdrawal, the amendments of the by-laws in order to comply with laws and regulations, the transfer of the registered office within national territory, and the resolutions referenced in Articles 2505 and 2505-bis of the Italian civil code, including that referenced by Article 2506-ter of the Italian civil code for demerger, in respect of the limits of the law. The attribution to the administrative body of competence to make resolutions on matters which are reserved by the law for the decision of the Extraordinary General Meeting, does not negate the competence of the General Meeting, which retains the power to decide on such matters.

In consideration of the composition of the shareholder base, and taking account of past experience of general meetings, it has not been deemed necessary to make provision for voting instruments such as online voting or voting by correspondence. Methods of voting are used at general meetings with the goal of making it easier for shareholders to exercise their rights and to guarantee the immediacy of the results of voting.

The Board of Directors prepares its reports illustrating the items of business on the agenda and makes them publicly available at general meetings.

During the annual General Meeting to approve the Financial Statements, the Board of Directors reports on the activities performed and planned, both through the Annual Reports, which are filed and made publicly available before the general meeting under the terms and in the manner provided by the law, and by answering the questions posed by shareholders. The Chairman, a member of the Remuneration Committee, reported to the General Meeting on how the functions of the Committee are performed.

The General Meeting on 24 April 2014 was attended by six out of seven directors and all the Standing Auditors.

The General Meetings of the Company are governed by Regulations addressed to ensuring that general meetings are conducted in an orderly and functional manner, in full respect of the fundamental rights accruing to all those eligible to participate in general meetings of being able to ask for clarifications on the various issues discussed, of expressing their own opinion, and of making proposals. Specifically, discussions at general meetings are subject to the provisions of article 8 of the Regulations. The Chairman of the general meeting is responsible for moderating activities, in order to ensure that

discussions are conducted fairly and that voting rights are respected. Without prejudice to the law and the indications provided in the notice of meeting with regard to the right of all shareholders with voting rights to put questions to the general meeting, requests to speak on individual items on the agenda may be presented to the office of the chairman from the time the general meeting is convened until the Chairman of the General Meeting declares the discussion of each item on the agenda closed. The Regulations applicable to general meetings, last amended by the General Meeting on 18 April 2013, are published on the www.eitowers.it website in the Governance/General Shareholders' Meeting section.

During the Financial Year, and specifically as of 4 April 2014, shareholder Elettronica Industriale S.p.A. has reduced its majority stake from 65.001% to 40.001% of the share capital of the Company, maintaining control pursuant to article 2359, first sub-section, Italian civil code.

On 24 February 2015, the Board of Directors of the Company resolved to promote a voluntary tender and exchange offer on all the shares of Rai Way S.p.A. In the event of the positive conclusion of the Offer, under the terms represented in the Communication pursuant to article 102, TUF, disclosed to the market on the same date, the Board of Directors of the Company intends to propose to a subsequent Extraordinary General Meeting of the shareholders several amendments to the bylaws with regard to the appointment of the administrative body, with a view to making provision for an increase in the number of directors taken from lists other than, and not connect to, the list which obtains most votes. Such provisions are contained in the aforementioned Communication available on the website www.eitowers.it, Governance/General Shareholders' Meeting/Investors/Extraordinary Operations section, and in the Governance/Corporate Information/relevant information section.

17. CHANGES SINCE THE CLOSURE OF THE REFERENCE FINANCIAL YEAR

There have been no changes in the Company's corporate governance structure.

Lissone, 19 March 2015

The Chairman of the Board of Directors
(Alberto Giussani)

TABLES**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE**

STRUCTURE OF SHARE CAPITAL				
	No. of shares	% of share capital	Listed / non-listed	Rights and obligations
Ordinary shares	28,262,377* (par value 0.10 each)	100%	Borsa Italiana, Online Stock Market, STAR segment	Pursuant to the law and the bylaws

* The Company holds no. 62,526 treasury shares, equal to 0.22% of the share capital, of which no. 6,000 shares on loan to Mediobanca S.p.A. to perform the Specialist activities pursuant to article 2.2.3., sub-section 4, Regulations for Markets Organised and Managed by Borsa Italiana and the relative Instructions to the Regulations. Voting rights are suspended for these shares pursuant to art. 2357 ter, Italian Civil Code.

SIGNIFICANT EQUITY STAKES

Declarer	Direct shareholder	% of ordinary equity	% of voting equity
Silvio Berlusconi	Elettronica Industriale SpA	40.001%	40.001%
BlackRock INC.	BlackRock Asset Management Ireland Limited	0.068%	0.068%
	BlackRock (Luxembourg) SA	3.156%	3.156%
	BlackRock Institutional Trust Company, National Association	0.442%	0.442%
	BlackRock Investment Management (Australia) Limited	0.210%	0.210%
	BlackRock Investment Management LLC	0.512%	0.512%
	BlackRock Fund Advisors	0.108%	0.108%
	BlackRock Advisors LLC	5.756%	5.756%
	Total	10.252%	10.252%
Octavian Advisors LP Owner of shares: - Octavian Special Master Fund LP (equity stake of 3.543%)	Octavian Advisors LP	4.136%	4.136%
Threadneedle Asset Management Holdings Limited	Threadneedle Asset Management Holdings Limited	2.019%	2.019%
Amber Capital UK LLP Owner of shares: - Amber Southern European Equity Limited (equity stake of 2.018%)	Amber Capital UK LLP	2.018%	2.018%

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Board of Directors													Control and Risks Committee		Remuneration committee		Appointments Committee		Executive Committee	
Office	Members	Date of birth	Date of first appointment	In office from	In office until (financial statements at)	List **	Exec.	Non exec.	Indep. Code	Indep. TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)	N/A	N/A	N/A	N/A
Chairman	GIUSSANI ALBERTO	1946	30.12.2011*	29.2.2012	31.12.2014	M		X	X	X	5	11/11	7/7	M	4/4	P				
CEO • ◊	BARBIERI GUIDO	1966	30.12.2011*	29.2.2012	31.12.2014	M	X					11/11								
CEO ◊	GOTTARDI VALTER	1955	30.12.2011*	29.2.2012	31.12.2014	M	X					11/11								
Director	CRUCIATTI MANLIO	1949	29.02.2012	29.2.2012	31.12.2014	M		X	X	X		11/11	7/7	M	4/4	M				
Director	HUROWITZ RICHARD	1974	29.02.2012	29.2.2012	31.12.2014	m		X	X	X	1	10/11			1/4	M				
Director	INVERNIZZI PIERCARLO	1965	29.02.2012	29.2.2012	31.12.2014	M	X					11/11								
Director	PIROTTA MICHELE	1964	29.02.2012	29.2.2012	31.12.2014	M		X	X	X		11/11	7/7	P						
-----DIRECTORS CEASING TO HOLD OFFICE DURING THE FINANCIAL YEAR-----																				
	Surname Name																			
No. of meetings held during the financial year: 11						Control and Risks Committee: 7				Remuneration Committee: 4		Appointments Committee:		Executive Committee:						
Quorum required for the presentation of lists by minorities for the election of one or more members (pusuant to art. 147-ter TUF): 2.5% (***)																				

NOTES

• Director in Charge of the Internal Control and Risk Management System.

◇ CEO Corporate and Management.

◇ CEO Business.

* First appointed by the BoD (ex DMT S.p.A.) by cooptation on 30.12.2011. Subsequently appointed by the General Shareholders' Meeting of EI Towers S.p.A. on 29 February 2012.

** This column indicates the list from which each director was taken ("M": majority list; "m": minority list; "BoD": list presented by BoD).

*** This column indicates the number of offices of director or statutory auditor held by the subject in question in other listed companies in regulated markets, including foreign markets, in financial, banking or insurance companies or in companies of a significant size. For a list of such companies see paragraph 4.2 of this Report.

(*). This column indicates the attendance of directors at the meetings of the BoD and Committees (number of meetings attended by the director out of the total number of meetings held during the financial year).

(**). This column indicates the qualification of the director in the Committee: "P": Chairman; "M": member.

(***). Quorum required by the Bylaws. At the next General Shareholders' Meeting on 21 April 2015, called to resolve on the appointment of the BoD, the quorum required is equal to 1% (percentage determined by Consob with resolution no. 19109/2015).

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Office	Members	Date of birth	Date of first appointment	In office from	In office until (financial statements at)	Lists ***	Indep. Code	Attendance of Board of Statutory Auditors' meetings ****	No. of other offices *****
Chairman	MASTRANGELO ANTONIO ARISTIDE	1943	24.04.2014	24.04.2014	31.12.2016	m	X	7 / 7	17
Standing auditor	VITTADINI FRANCESCO	1943	29/04/2005*	24.04.2014	31.12.2016	M	X	10 / 10	22
Standing auditor	GIRELLO ANNA	1971	29.04.2008	24.04.2014	31.12.2016	M	X	10 / 10	15
Alternate auditor	GIAMPAOLO FRANCESCO ANTONIO	1943	24.04.2014	24.04.2014	31.12.2016	M	X	-	24
Alternate auditor	MINUTILLO FLAVIA DAUNIA	1971	24.04.2014	24.04.2014	31.12.2016	M	X	-	11
Alternate auditor	PERLI FEDERICA	1971	24.04.2014	24.04.2014	31.12.2016	m	X	-	2
-----STATUTORY AUDITORS CEASING TO HOLD OFFICE DURING THE FINANCIAL YEAR -----									
Standing auditor	ARMAROLLI MARCO	1973	28.08.2008**	06.05.2011	24.04.2014	M	X	3 / 3	
Number of meetings held during the financial year: 10									
Quorum required to present lists by minorities for the election of one or more members (pursuant to art. 148 TUF): 2.5% (*)									

NOTES

* Date of the General Meeting at which the Board of Statutory Auditors of the Company was appointed (ex DMT S.p.A.) after the listing of the issuer's shares on the Online Stock Market (MTA) of Borsa Italiana. At such date Mr. Vittadini was already a Statutory Auditor of DMT S.p.A.

** Date of taking over the office of Standing Auditor of the Company (ex DMT S.p.A.). Most recently appointed by the General Shareholders' Meeting of the Company on 6 May 2011. The Statutory Auditor remained in office until the natural expiry.

*** This column indicates the list from which each statutory auditor was taken ("M": majority list; "m": minority list).

**** This column indicates the attendance of statutory auditors at the meetings of the board of statutory auditors (number of meetings attended by the Statutory Auditor out of the total number of meetings held during the financial year).

***** This column indicates the number of offices of director or statutory auditor held by the subject in question pursuant to art. 148-bis TUF.

(*). At the General Meeting to appoint the Board of Statutory Auditors of the Company on 24 April 2014, the equity stake of 2.5% determined by Consob (resolution no. 18775/2014), pursuant to art.144-quater of the Issuer Regulations, was the same as the equity stake provided by the Bylaws.