

The background of the cover is a blue-tinted photograph of a telecommunications tower. The tower is a complex lattice structure with several large, white, parabolic satellite dishes or antennas mounted on it. The tower is positioned on the left side of the frame, extending from the bottom towards the top. The sky is a light blue, and there are some faint, curved lines in the background, possibly representing signal waves or a stylized design element.

Annual Report on Corporate
Governance and the ownership
structure



EI TOWERS S.P.A.

ANNUAL REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

Financial Year 2013

Approved by the Board of Directors on 19 March 2014

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 in December 2011 and promoted by Borsa Italiana S.p.A.
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 2013
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., a company listed on the Italian stock market (Borsa Italiana) in the STAR segment, operates in the network infrastructure and integrated electronic communication services sector for operators in the radiophonic and television sector (broadcasters) and in the mobile (GSM/UMTS/LTE operators) and wireless (WiFi/iMax operators) telecommunications sector, as well as for public utility operators and the Institutions.

EI Towers S.p.A. 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 2014).

2. INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to art. 123-bis, sub-section 1, TUF) as of 19 March 2014

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

The subscribed and paid in share capital of EI Towers S.p.A. 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 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 EI Towers S.p.A., 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.

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.

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.

Pool financing arrangements stipulated by subsidiary company Towertel S.p.A. were reimbursed in their entirety by the company during 2013.

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 18 April 2013 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 18 April 2013, which are available for consultation on the www.eitowers.it website, Governance section - General Shareholders' Meeting.

At 31 December 2013, 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 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, EI Towers S.p.A. 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.

EI Towers S.p.A. exercises direction and coordination activities over its subsidiary companies Towertel S.p.A. and SART S.r.l., the latter acquired in February 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.

EI Towers S.p.A. 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, as amended by the General Shareholders' Meeting on 18 April 2013, at the proposal of the Board of Directors, also for the purposes of alignment with the law and regulations on "gender balance in the composition of administration and control bodies".

Specifically, the directors are appointed by the shareholders' meeting on the basis of lists in which each candidate is listed by means of 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. This latter percentage will be 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. At the General Meeting to appoint the Board of Directors of the Company on 29 February 2012, the percentage equity stake determined by Consob (resolution no. 18083/2012) pursuant to art.144-quater of the Issuer Regulations, was **4.5%**.

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 EI Towers S.p.A. 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 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 Pirota), 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 the Merger).

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 ended 31 December 2014. The Board consists of 7 members of whom six - Alberto Giussani, appointed chairman, Guido Barbieri, Valter Gottardi, Piercarlo Invernizzi, Manlio Cruciatti and Michele Pirota - 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 - 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 EI Towers S.p.A..

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 Pirota, 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 EI Towers S.p.A., 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

On 26 July 2012, the Board of Directors 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 EI Towers S.p.A. 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 held by same in other companies.

Below are the offices held by the members of the Board of Directors of EI Towers S.p.A. 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 Advisors LP

Piercarlo Invernizzi: -

Induction Programme

Once again during 2013, the directors and statutory auditors held meetings with Management in order to gain a better understanding of the business sector in which the Company operates, the relative organisation structure, and the legislative and regulatory framework.

Specifically, on 26 July 2013 the directors and statutory auditors, together with company management, visited one of the main radio and television broadcast sites in Northern Italy (Valcava – LC) to gain a better understanding of operating, technical and management matters relating to the management of infrastructure owned by EI Towers Group. Subsequently, on 15 November 2013, various business subjects were examined in greater detail in the framework of the market and pertinent legislation, as well as with regard to the Group as a whole.

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 (hereafter “Group”) and in the Company’s governance system. It defines the 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 2013, the Board met 10 times, with overall attendance by directors standing at **98.6%**. 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 five minutes.

As disclosed to the market in the financial calendar, 4 meetings have been planned in financial 2014 for the examination of the Financial Reports. As at the date of this Report, 2 meetings have been held.

The Chairman provides the directors and statutory auditors with pre-board meeting information by confidentially distributing, in the days immediately prior to the date of the Board meeting (usually at least 2 days before), documentation regarding the items of business on 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. In these cases, in which the term of notice is reduced to the day immediately prior to the Board meeting, the facilities provided by the Procedure for the management and communication of insider information are in place, as adopted by the Board of Directors (see paragraph 5 in this Report).

During Board meetings, the Chairman ensures that enough time is devoted to the examination and discussion of each item of business on the agenda, encouraging the participation of the directors and contributions from the Committees with regard to certain Board decisions.

The Managing Directors ensure that, where held useful or necessary for the purposes of a full understanding of the items on the agenda, the managers of the competent corporate functions attend Board meetings to provide further details.

As also envisaged by the Self-Disciplinary Code, the Board of Directors examines and approves the strategic, business and financial plans of the Company and the Group it leads, the system of corporate governance of the Company and the Group structure. During financial 2013, with the frequency established by the Bylaws (art. 15) and in particular at the time of the examination and approval of the Financial Statements, the Board, based on reports and information received from the Managing

Directors, has assessed the general management trend and monitored the implementation of the Business Plan approved and disclosed to the market in July 2011, comparing the results reported with those planned and announcing any new quantitative objectives.

During the year the Board of Directors, amongst other things:

- assessed the adequacy of the organisational, administrative and accounting arrangements of the Company and its subsidiary companies of strategic importance, 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;
- examined and approved on a prior basis transactions of significant strategic, economic, equity or financial importance performed by the Company and its subsidiaries, in accordance with the Guidelines on the “transactions of significant importance” of EI Towers S.p.A., as approved by the Board.

On 16 December 2013, in compliance with the provisions of the Self-Disciplinary Code, the Board of Directors conducted the Board Performance Evaluation, after assigning the Chairman, an independent director, the task of defining the process and establishing the subjects to be discussed.

The self-assessment regarded the areas traditionally examined, or in other words the size, composition and operation of the Board and its Committees.

The Chairman, with the support of the Corporate Affairs Office, submitted a questionnaire to the Directors with a series of questions on the aforementioned topics, inviting each Director to express their assessment in relation to each individual question on a scale of values. The results obtained for each area, processed anonymously based on the answers provided by each director, were discussed during the board meeting of 16 December 2013, which was in part devoted to the self-assessment.

The results of the self-assessment process revealed, during the last financial year too, a positive situation in terms of the efficiency and effectiveness both of the Board and the Committees. Specifically, the sizes of the Board and Committees were unanimously considered to be adequate; the composition was thought as a whole to be balanced and with the right mix of skills, experience and diversity, also in consideration of the presence in the Board and in one of the two Committees, of an independent international member; the contribution made by each member of the Board and the Committees to the discussion of the items on the agenda was held to be profitable. The Board renewed its hope that at the time of the next directorship renewals, the Shareholders will maintain a similar level of quality on the Board. A contribution to diversity will also be made by the recent amendments of the bylaws that regulate the appointment and substitution of the directors, approved by the Shareholders' meeting in April 2013, with regard to compliance with gender balance in the composition of administration (and control) bodies. In consideration of the majority of independent directors on the Board (and all Committee members), the support provided by Management continues to be extremely important for the purposes of providing knowledge about the business activities of and the sector in which EI Towers operates. The meetings and detailed examination initiatives with company and Group management during the financial year were therefore assessed in very positive terms, as it was hoped at the time of the previous Board Evaluation. With regard to the operation of the Board and the Committees, the planning, frequency and organisation of the meetings were held to be quite adequate, as was the documentation and information provided by the directors for the assessment of the events submitted for the examination of the Board.

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 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.

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 the financial year on 9 May 2013.

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 Borsa Italiana 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 periodically 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). The verification, conducted most recently on 9 May 2013 on the basis of the statements provided by each director and on information available to the Company, confirmed compliance with the aforementioned measures.

On 1 July 2013, the independent Directors met without the other directors to exchange opinions, among other things, on several topics which were the subject of the annual Board Performance Evaluation, on discussions and exchanges of opinion within the Board, and on the positive continuation of initiatives to gain a greater understanding of the Company's business activities.

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 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 EI Towers S.p.A., 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. 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 EI Towers S.p.A. 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 EI Towers S.p.A. 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 EI Towers S.p.A. 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.

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”. 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 procedure is applied to the significant persons in EI Towers S.p.A. and, where identified, in significant subsidiary companies.

The competent corporate functions of the Company have made provision for the diffusion of the procedure among the human resources of EI Towers S.p.A. 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.

In compliance with the provisions of Borsa Italiana Rules, 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 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 of listed companies. 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 among its members. 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, consisting entirely of independent directors, 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.

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.

8. REMUNERATION COMMITTEE

The Remuneration Committee established on 7 March 2012 is composed of three independent directors, who remain in office until the expiry of the entire Board of Directors:

Alberto Giussani, Chairman
Manlio Cruciatti
Richard Hurowitz.

The composition of the Committee is in compliance with the requirements established by the Self-Disciplinary Code.

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 2013, the Remuneration Committee met three 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 fifty minutes. Three meetings have been planned for financial 2014, 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.

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 2013, 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 2012, and approved by the General Shareholders' Meeting on 11 April 2012, considering it to be adequate;
- it formulated a proposed Remuneration Policy for directors and managers with strategic responsibilities, which was submitted to the Board of Directors for examination on 21 March 2013, and expressed its favourable opinion with regard to the second section of the 2013 Remuneration Report illustrating remuneration in previous years;
- with regard to the short term incentive system (MBO) for CEOs, as managers of the Company, it verified the achievement of the performance objectives for financial 2012 established by the Board of Directors and expressed its favourable opinion with regard to the 2013 MBO proposal, regarding the system to be consistent with the Remuneration Policy defined;
- it conducted the first assessments of the consistency and practical application of the 2013 Remuneration Policy.

With reference to the possible introduction by EI Towers of a medium-long term incentive plan, the Committee, for the purposes of providing support for the assessments performed by the Company, engaged an external consultancy (Hay Group S.r.l.), after first verifying its independence, to perform market benchmarking with regard to the long term incentive practices of a panel of listed companies comparable to EI Towers. During the financial year, the Committee took note of the results of the aforementioned benchmarking and then continued with preliminary activities addressed to the presentation of an incentive system proposal for EI Towers linked to the achievement of results/goals, also in the medium-long term.

Drawing on the competent corporate functions and the support of the same consultants, the Committee then drew up a proposal in this sense, taking account of the characteristics and business of the Company and consistently with the relative risk profile. At the only meeting held so far in 2014, on 18 March 2014, the Committee decided to submit this proposal to the Board of Directors.

During the aforementioned meeting the Committee also:

- 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, holding it to be appropriate. The Committee also took note of and shared the reasons for the Company's failure to introduce a medium-long term incentive scheme in 2013;
- 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 on the second section of the 2014 Remuneration Report describing remuneration the previous financial year.

The Remuneration Committee has been assigned 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. The Committee made use of external consultants in the framework of the above.

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

9. DIRECTORS' REMUNERATION

On 21 March 2013, 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 18 April 2013.

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

At the next annual General Shareholders' Meeting called 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.

10. CONTROL AND RISKS COMMITTEE

The Control and Risks Committee, which was established on 7 March 2012, is composed of three independent directors, who will remain in office until the expiry of the entire Board of Directors:

Michele Pirota, Chairman
Manlio Cruciatti
Alberto Giussani.

The composition of the Committee respects the requirements established for same by the Self-Disciplinary Code.

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 2013, the Control and Risks Committee met eight 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 fifteen minutes. Seven meetings have been planned for financial 2014, 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 Supervisory and Control Body, 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 2013, the Committee performed the following activities, among others, in its sphere of competence:

- it assessed, in conjunction with the Manager in charge of corporate accounting documents and having heard the independent auditors Reconta Ernst & Young S.p.A. and the Board of Statutory Auditors, the main accounting standards applied to EI Towers S.p.A. 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 Reconta Ernst & Young 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 examined the new financial risks management policy and the new credit risk management policy of EI Towers Group and expressed its favourable opinion on them to the Board;
- it took note of the completion of activities to evolve the compliance model of EI Towers pursuant to Law 262/2005, initiated by the Manager in charge of corporate accounting documents during 2012 and performed with the support of external consultants (PricewaterhouseCoopers Advisory S.p.A.), in order to align it with the model adopted by consolidating company Mediaset S.p.A.. The Committee also took note of the updates regarding the activities performed by the Manager in charge of corporate accounting documents, for the purposes of issuing the certificates regarding the financial statements and the consolidated financial statements at 31 December 2012 and the half-year report in abbreviated form at 30 June 2013;
- it examined and expressed its favourable opinion to the Board of Directors regarding the 2013 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 EI Towers and took note of the relative conclusions. During the financial year the Committee also took note of the results of the operating assurance work performed by the Internal Audit function as provided for in the 2013 Audit Plan approved by the Board of Directors;
- having taken note of and in agreement with the reasons for the decision, it expressed its favourable opinion on the proposal of the Director In Charge to engage a specialised, independent consultant, Protiviti S.r.l., to provide support for the Internal Audit function manager in the planning, performance and reporting of audit activities (operating and 231 assurance) set out in the 2013 Audit Plan approved by the Board of Directors in the period September-December 2013;
- it expressed its favourable opinion to the Board of Directors regarding the identification of the strategic objectives of EI Towers Group and the definition of the assessment model for the strategic and process risks associated with them. The Committee also took note during the Financial Year of the updates to the state of progress of the EI Towers ERM Model, performed with the support of external consultants (PricewaterhouseCoopers Advisory S.p.A.);
- it examined and expressed its favourable opinion on the proposals to amend the bylaws following the introduction of the Company's new Related Party Procedure on 31 October 2012 and performed the other functions attributed to it as the Committee competent for related party transactions;
- 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 2014 this work continued and, specifically, two meetings were held during which the Control and Risks Committee, amongst other things:

- assessed, in conjunction 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 in EI Towers S.p.A. 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, for the purposes of issuing the certificate relating to the financial statements and the consolidated financial statements at 31 December 2013;
- having taken note and in agreement with the decision, it 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 2014;
- 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;
- 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 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;
- 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 fact of particular importance emerged such as to report to the Board of Directors. The Committee therefore expressed its favourable opinion with regard to a positive assessment of the internal control and risk management system by the Board, holding it to be adequate as a whole.

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.

The Control and Risks Committee has been assigned 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 EI Towers S.p.A. Internal Control and Risk Management 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 the Board, after receiving the favourable opinion of the Control and Risks Committee, defined the new Internal Control and Risk Management System Guidelines. These Guidelines, which are implemented by the Director in Charge, identify the Enterprise Risk Management model, already applied to the holding company Mediaset S.p.A., as the reference model for the supervision of the Internal Control and Risk Management System.

The main characteristics of the corporate risks 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.

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

On 21 March 2013 the Board, with the favourable opinion of the Control and Risks Committee and on the basis of the activities performed by the Director in Charge, identified the strategic objectives of EI Towers Group and defined the assessment model for the strategic and process risks associated with them.

During the Financial Year, the Board of Directors:

- with the favourable opinion of the Internal Control and Risk Management System, having heard the Board of Statutory Auditors and the Director in Charge, approved the 2013 Audit Plan prepared by the Internal Audit function manager;
- 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 support for the Internal Audit function manager in the planning, performance and reporting of operating and 231 assurance work envisaged by the Audit Plan, in the period September-December 2013;
- 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 26 February 2014, 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 (hereafter, the "System"), developed in the framework of the Group, is addressed to guaranteeing the reliability, precision and timeliness of financial disclosures.

EI Towers, 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 Manager in Charge of the corporate accounting documents of EI Towers and other roles and functions involved in the System, refer to section 11.5 of this Report.

The System 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 assertions⁽¹⁾. 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.

¹ 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.

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.

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.

At least once a year, the Manager in Charge reports to the Control and Risks Committee and the Board of Statutory Auditors and informs the Company’s Supervisory Body about the methods used to assess the adequacy and effective application of the administrative accounting controls and procedures, and also about 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 Directors.

During the Financial Year, 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.

During 2013, the Director in Charge:

- reported to the Control and Risks Committee and the Board of Directors respectively with regard to the identification of the strategic objectives of EI Towers Group and the definition of the assessment model for the strategic and process risks associated with them;
- updated the Control and Risks Committee with regard to the various implementation phases of the EI Towers ERM Model, performed with the support of external consultants (PricewaterhouseCoopers Advisory S.p.A) and with the involvement of company management.

During the first meetings in 2014, The Director in Charge reported to the Control and Risks Committee and the Board of Directors on the assessment and methods of management of the main corporate strategic and process risks of EI Towers.

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 EI Towers Internal Control and Risk Management System involves the Internal Audit function manager, who verifies that the System is operational and adequate. 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 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.

On 21 March 2013, the Board of Directors approved the 2013 Audit Plan and deemed the resources assigned to the Internal Audit manager sufficient to perform his responsibilities, amounting to a budget of onehundredthousand euros.

In the framework of the System alignment and consolidation process launched by the Company in 2012 after the merger between EI Towers S.p.A. (Mediaset Group) and DMT S.p.A. (with the introduction of the new Internal Control and Risk Management System Guidelines, of an Enterprise Risk Management Model, of a new Compliance Model pursuant to Law 262/05, and of an Organisation Model pursuant to Legislative Decree 231/01, as amended), the Director in Charge, for the purposes of strengthening the Internal Audit function as regards the performance of its verification duties, made a proposal to the Board of Directors to provide the Internal Audit manager with support in the form of independent external consultants with expertise in the framework of the internal control and risk management of listed companies. Specifically, it proposed to the Board of Directors the engagement of Protiviti S.r.l., a company specialising in the Risk, Compliance & Internal Audit areas, to provide support for the Internal Audit manager in the performance of audit (operating and 231 assurance) planning, performance and reporting activities established in the 2013 Audit Plan, in the period from September to December. The Board, on 30 July 2013, with the favourable opinion of the Control and Risks Committee, having heard the Board of Statutory Auditors, approved the engagement of Protiviti S.r.l..

In order to ensure the continuity of the work undertaken, the Board, on 26 February 2014, as proposed once again by 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. to provide professional services to support the Internal Audit function manager during financial 2014.

During the Financial Year, the Internal Audit manager verified the operation and suitability of the Internal Control and Risk Management System. In the framework of planned activities, the manager performed audit work (operating and pursuant to Legislative Decree 231/01) on corporate processes and prepared reports containing the results of the analysis completed respectively for the Control and Risks Committee and 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 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.

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

During financial 2012, following the merger between EI Towers S.p.A. and DMT S.p.A., the Board of Directors approved the Code of Ethics of EI Towers Group (3 May 2012) and the new Organisation Model of EI Towers S.p.A. pursuant to Legislative Decree 231/01 (hereafter, "Model") (31 October 2012).

The Model alignment process was performed with reference to the following types of crime: crimes which may be committed in connection with relations with the Public Administration, offenses connected with organised crime, IT offenses and unlawful data processing, offenses against trade and industry, corporate crimes, market abuse, unintentional crimes (manslaughter and serious negligent injury) committed in violation of regulations on the protection of health and safety in the workplace, receiving stolen goods, recycling and using money, goods or other assets of illegal provenance, copyright offenses, the crime of refusing to make a statement or of making a false statement to the judicial authorities. Activities to assess the preventive control system for the purposes of compliance with Legislative Decree 231/01 took into consideration the offenses envisaged by such Decree at the time of performing the analysis and held to be of priority interest for the Company, in consideration of its organisation and the nature of the activities it performs. For further details on the general features of the EI Towers S.p.A. Organisation Model please see the Model itself, which is available for consultation on the www.eitowers.it website, Governance/Control System section.

The EI Towers Model provides a collegiate Supervisory and Control Body (ODVC). On 7 March 2012, the Board of Directors appointed the ODVC, composed of 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 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, the Board of Directors verified that the aforementioned subjective requirements in relation to the members of the ODVC continued to apply 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 7 times and reported to the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors on the activities performed in relation to the current Organisation Model.

Subsidiary company Towertel S.p.A., in light of the partial demerger operation (broadcasting division) in EI Towers S.p.A., resolved during the Financial Year and effective as of 1 January 2014, continues to work on initiatives to implement and review its control system pursuant to Legislative Decree 231/01, for the purposes of adopting its own Organisation Model.

11.4 INDEPENDENT AUDITORS

With the General Shareholders' Meeting of 18 April 2013, the engagement for the statutory auditing of the accounts conferred on Reconta Ernst & Young S.p.A. expired pursuant to the law.

The same General Meeting, 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 EI Towers S.p.A. 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 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 EI Towers S.p.A., pursuant to the law and the Bylaws, 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 and the Self-Disciplinary Code 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 is assisted by the competent corporate administrative functions (Administration and Consolidated Financial Statements in particular) and receives support from external consultants (PricewaterhouseCoopers Advisory S.p.A.) in the design, implementation and maintenance of adequate administrative and accounting procedures addressed to the preparation of the financial statements and the consolidated financial statements. Specifically, during the Financial Year, the evolution of the Compliance Model pursuant to Law 262/05 was completed, for the purposes of aligning the model with the model adopted by the controlling company Mediaset S.p.A. as consolidating company.

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

Coordination among the companies involved in the Internal Control and Risk Management System takes place in compliance with the provisions of the law and the Self-Disciplinary Code, also with the support of the Corporate Affairs Office.

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. (Mediaset Group) and DMT S.p.A., introduced the EI Towers Group Related Parties Procedure (the “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 Procedure on 26 October 2012.

The 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 EI Towers S.p.A., 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 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 the new 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 the Financial Year the Company, also taking account of the Consob recommendation contained in Communication no. DEM/10078683, 24 September 2010, set in motion and conducted the appropriate detailed studies and assessments of the Procedure. In light of the recent introduction of the Procedure 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 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 and therefore not to make any amendments.

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 is regulated by article 18 (previously article 17) of the Bylaws, as amended most recently by the General Shareholders' Meeting on 18 April 2013, at the proposal of the Board of Directors, also for the purposes of alignment with the law and regulations on "gender balance in the composition of administration and control bodies".

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 Board of Statutory Auditors. At the General Meeting to appoint the Board of Statutory Auditors of the Company on 6 May 2011, the percentage equity stake determined by Consob (resolution no. 17633/2011) pursuant to art.144-quater of the Issuer Regulations, was **4.5%**.

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 6 May 2011 before the aforementioned amendments to the bylaws and is composed of three standing and two alternate members, will remain in office until the general meeting of 24 April 2014, called for the approval of the financial statements at 31 December 2013.

Standing Auditors Francesco Vittadini, Marco Armarolli and Anna Girello and Alternate Auditors Giancarlo Restori and Marco Lovati have all been elected from a single list presented by the then majority shareholder Millenium Partecipazioni S.r.l., the holder of a quota representing **31.789%** of the share capital, equivalent at the time to Euro 1,130,477.50.

The General Meeting, at the proposal of the assigns has, therefore, unanimously appointed Mr. Francesco Vittadini as Chairman of the Board of Statutory Auditors.

The composition of the Board of Statutory Auditors is set out in the **Table** below:

	<i>Office</i>	<i>In office since</i>	<i>List (M/m)*</i>	<i>Indep. as per Code</i>	<i>% Attend. meetings**</i>	<i>No. of other offices***</i>
<i>Members</i>						
VITTADINI Francesco	Chairman	06/05/2011	M	X	100 %	22
GIRELLO Anna	Standing	06/05/2011	M	X	100 %	13
ARMAROLLI Marco	Standing	06/05/2011	M	X	100 %	15
RESTORI Giancarlo	Alternate	06/05/2011	M	X		
LOVATI Marco Benvenuto	Alternate	06/05/2011	M	X		

In office until: the approval of the financial statements at 31.12.2013

Quorum required to present lists for the most recent appointment: 2.5%

Number of meetings during the Financial Year: 12

NOTES

*This column contains M/m according to whether the member was elected from the list voted by the majority (M) or by a minority (m).

** This column indicates the attendance of Statutory Auditors at the meetings of the Board of Statutory Auditors, expressed as a percentage.

*** This column indicates the number of offices of director or statutory auditor held by the person in question for the purposes of art. 148 bis, TUF. The complete list of offices is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Issuer Regulations.

None of the Statutory Auditors appointed has ceased to hold office during the Financial Year and 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 EI Towers S.p.A., please consult the information available on the www.eitowers.it website, Governance section, Corporate Bodies/Board of Statutory Auditors.

During the Financial Year, the Board of Statutory Auditors met 12 times, with overall attendance standing at **100%**. The attendance details for each Statutory Auditor are set out in the **Table** referring to the structure of the Board of Statutory Auditors reported above. The average length of each meeting was about two hours.

About ten meetings have been planned for financial 2014, of which two have taken place as of the date of this Report.

On 12 June 2013, in compliance with legal and regulatory provisions and the Self-Disciplinary Code, the Board of Statutory Auditors verified:

- the independence requirements of Directors Michele Pirota, Manlio Cruciatti, Richard Hurowitz and Alberto Giussani;
- the continued existence of the independence requirements of its members.

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

Once again during 2013, the directors and 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).

Before Board of Directors' meetings, the Statutory Auditors are provided with documentation on the items of business on the agenda.

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.

In performing their activities, the Board of Statutory Auditors attended the Control and Risks Committee and the Remuneration Committee. During the Financial Year, the Board of Statutory Auditors also met and was reported to in their own respective spheres of competence by the other persons charged with supervising the Internal Control and Risk Management System of EI Towers S.p.A., including the Internal Audit function manager.

15. RELATIONS WITH SHAREHOLDERS

The Company's website, www.eitowers.it, contains both economic and financial information (Financial reports, presentations to the financial community, market trend of financial instruments issued by EI Towers S.p.A.), 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).

Responsibility for managing shareholder relations has been assigned by the Board of Directors to 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 with details of the main events during the 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 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 and at Borsa Italiana, and by means of its publication on the EI Towers website.

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 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 present composition of the shareholder base, 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.

Usually general meetings are attended by all the Directors and Statutory Auditors of the Company. 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 Meetings of EI Towers S.p.A. 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. The General Shareholders' Meeting, on 18 April 2013, in agreement with the proposals drawn up by the Board, approved the new Regulations for the general meetings of EI Towers S.p.A. The Regulations are published on the www.eitowers.it website in the Governance/General Shareholders' Meeting 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 2014

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 Share 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	65.001%	65.001%
Octavian Advisors LP Owner of shares: - Octavian Special Master Fund LP, for a quota amounting to 3.543%	Octavian Advisors LP	4.136%	4.136%
Threadneedle Asset Management Holdings Limited	Threadneedle Asset Management Holdings Limited	2,019%	2,019%

TABLE 2

STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Board of Directors (BoD appointed by General Meeting on 29 February 2012)										Control and Risks Committee		Remuneration Committee	
Office	Members	In office from	In office until the approval of the Financial Statements at	List (M/m)*	Exec.	Non exec.	Indep. TUF and BoD	% BoD**	No. of other offices***	****	% **	****	% **
Chairman	GIUSSANI Alberto	29.2.2012	31.12.2014	M		X	X	100	5	X	100	X	100
CEO	BARBIERI Guido	29.2.2012	31.12.2014	M	X			100	-				
CEO	GOTTARDI Valter	29.2.2012	31.12.2014	M	X			100	-				
Director	CRUCIATTI Manlio	29.2.2012	31.12.2014	M		X	X	100	-	X	100	X	100
Director	HUROWITZ Richard	29.2.2012	31.12.2014	m		X	X	90	1			X	100
Director	INVERNIZZI Piercarlo	29.2.2012	31.12.2014	M	X			100	-				
Director	PIROTTA Michele	29.2.2012	31.12.2014	M		X	X	100	-	X	100		

Quorum required for the presentation of lists for the most recent appointments: 2.5%

Number of meetings held during the Financial Year with reference to the Board of Directors appointed on 29 February 2012:

Board of Directors: 10

Control and Risks Committee: 8

Remuneration Committee: 3

NOTES

* This column indicates M/m according to whether the member was elected from the list voted by the majority (M) or by a minority (m).

**This column indicates the attendance of directors at the meetings of the BoD and Committees, expressed as a percentage.

***This column indicates the number of offices of director or statutory auditors 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 contains an "X" if the member of the BoD sits on the Committee.