



## **Ordinary Shareholders' Meeting**

**Single Session on 23 April 2018 at 11:00 a.m.**

### **Directors' Report on the agenda**

**Directors' Report on item 8 of the agenda:** *"Increase in fee payable to external auditors for audit of the Company's financial statements for the 2017-2021 period"*

Dear Shareholders:

We note that, with a resolution dated 18 April 2013, the shareholders of EI Towers S.p.A. (the "**Company**") conferred a mandate to Deloitte & Touche S.p.A. for the statutory audit of the Company's annual consolidated and non-consolidated financial statements, and a limited review of the Company's consolidated half-year report for the years 2013 to 2021.

As a result of the changes in the regulations governing the subject of statutory audits introduced by Directive 2014/56/EU of 16 April 2014, Regulations (EU) n. 537/2014 of 16 April 2014 and the Legislative Decree No. 135 of 17 July 2016 and the adoption of new audit principles, we note that the independent audit firm, Deloitte & Touche S.p.A., with its letter of 14 February 2018, has advised us of the applicability of the circumstances for the adjustment of fees, as provided in the section entitled "Updating of fees" of the contract that governs the current audit mandate, and it has accordingly requested supplementation of the compensation, for each of the years from 31 December 2017 to 31 December 2021 (included), in the amount of €10,000 for 110 hours.

For this purpose, we provide the "Reasoned PROPOSAL ABOUT THE SUPPLEMENTATION OF THE FEE FOR THE STATUTORY AUDIT MANDATE CONFERRED TO DELOITTE & TOUCHE S.P.A. FOR THE FINANCIAL YEARS 2017 TO 2021." by Board of Statutory Auditors

Lissone, 22 March 2018

For the Board of Directors  
Chairman  
*Alberto Giussani*

## EI TOWERS S.P.A. BOARD OF STATUTORY AUDITORS

### Motivated proposal by the Board of Statutory Auditors to Shareholders' meeting about the increase in fee payable to external auditors for audit of the Company's financial statements for the 2017-2021 period

Dear Shareholders:

With the resolution dated 18 April 2013, the shareholders of EI Towers S.p.A. conferred a mandate to Deloitte & Touche S.p.A. for the statutory audit of the Company's consolidated and non-consolidated annual financial statements, and a limited review of the Company's consolidated half-year report for the financial years 2013 to 2021.

Whereas:

- The above proposal refers to the Deloitte & Touche S.p.A. proposal dated 30 January 2013 and includes a section entitled "Updating of the fees" that provides that the fees may be adjusted upon the manifestation of relevant and exceptional circumstances unforeseeable at the time of the preparation of the proposal, such as to entail an additional time commitment with respect to that estimated. Such circumstances include, without limitation, the change in the Company's and/or Group's structure and size, changes in the controls established within the internal controls system, regulatory changes with regard to accounting and/or audit principles, the execution of complex business transactions placed into effect by the Company and/or Group companies, additional audit procedures or supplementary obligations for the execution of the statutory audit, as well as additional activities, if any, carried out in relation to companies audited by other auditors; such activities must be communicated to the Company for the purpose of agreeing on the definition of those activities specifically not provided in the original proposal and the quantification of the related charges;
- With respect to the regulations governing statutory audits, Directive 2014/56/EU of 16 April 2014, Regulations (EU) n. 537/2014 of 16 April 2014, and the Legislative Decree No. 135 of 17 July 2016 introduced changes regarding the audit of entities of public interest; amongst other things, such changes entail the expansion of the audit report as provided by Article 10 of the European Regulations; in addition, as result of the aforementioned changes, the audit firm conducting the statutory audit is required, as provided by Article 11 of the European Regulations, to prepare an additional report for the Internal Control Committee, and the audit report whose information content has been expanded with respect to the report on fundamental issues as provided by previous regulations;
- Within the sphere of the project "*Reporting on Audited Financial Statements – New and Revised Auditor Reporting Standards and Related Conforming Amendments*," the International Auditing and Accounting Standards Board (IAASB) issued new audit principles in January 2015, , the State General Accounting Department adopted seven audit principles (ISA Italia 260, ISA Italia 570, ISA Italia 700, ISA Italia 701, ISA Italia 705, ISA Italia 706, and ISA Italia 710) with Protocol No. 157387 of 31 July 2017. The main changes introduced by such principles include new obligations in terms of communications to the Management and the governance bodies and, as a consequence, a new audit report format that must include a specific section for the communication of Key Audit Matters"; such section contains additional information for the users of financial statements for the purpose of supplying additional support for the understanding of the business and of the areas of the financial statements that are subject to audit;
- An additional and important change regards the adoption and the implementation of a new version of the audit principle (SA Italia) 720B in relation to the responsibility of the party appointed to conduct the statutory audit with regard to the report on operations and certain specific information contained in the report on corporate governance and ownership structures, which contains not only the opinions about the consistency of the financial statements, but also the opinion about conformity with the provisions of the law, as well as a statement about the identification, if applicable, of significant errors.

With its letter to the Company of 14 February 2018, Deloitte & Touche S.p.A., in consideration of the foregoing, specified the existence of the conditions for the adjustment of the fees, communicating the

increase in the number of hours (110) and fees (€10000.00) related to each of the years from 31 December 2017 to 31 December 2021 (included), with a total annual fee of €126,500.00, subdivided as follows:

<b>Proposal to adjust fees for the years of 2017 - 2021</b>	<b>Hours</b>	<b>Fees (Euro)</b> Inclusive of Istat Adjustment
Audit of the EI Towers S.p.A. financial statements, including (i) verification of the signing of tax returns, (ii) verification that the report on operations and certain specific information contained in the report on corporate governance are in conformity with the provisions of the law	830	76,422
Audit of the Group's consolidated financial statements, including the coordination of the audit work for the consolidated financial statements and the verification of the consolidation procedures	170	15,330
Verification of the regular maintenance of the accounting records and the correct reporting of the operating events in the accounting records	100	9,198
Limited accounting review of the EI Towers S.p.A. condensed half-year re consolidated financial statements	280	25,550
<b>Total</b>	<b>1,380</b>	<b>126,500</b>

The following table shows the changes in the fees with respect to those agreed in the original proposal of 30 January 2013:

	<b>Hours</b>	<b>Fees (Euro)</b>
Hours and fees as per the original proposal dated 30 January 2013	1,270	114,000
ISTAT adjustment accrued (2014-2017)		2,500
Proposed adjustment	110	10,000
<b>Total</b>	<b>1,380</b>	<b>126,500</b>

In accordance with the provisions of Article 13, Paragraph 1 of the Legislative Decree No. 39 of 27 January 2010 "The Shareholders' Meeting, upon the reasoned proposal of the control body, confers the mandate for the statutory audit and determines the compensation due to the statutory auditor and to the independent audit firm conducting the statutory audit for the entire term of the mandate and any criteria for the adjustment of such compensation during the mandate), the Board of Statutory Auditors has examined the aforementioned request for the purpose of formulating a proposal to be submitted to the Shareholders' Meeting.

In this regard, the Board of Statutory Auditors has held meetings with the independent audit firm to obtain greater details about the activities to be carried out as a result of the changes in the regulations governing the statutory audit and the audit principles of reference (ISA Italia), which went into effect with the audit of the financial statements at 31 December 2017, and as a result of which, the independent audit firm is required, amongst other things:

- to expand the content of the audit report as provided by Article 10 of the European Regulations;
- to prepare an additional report for the Internal Controls Committee and the statutory audit as provided by Article 11 of the European Regulations;
- to comply with new obligations in terms of communications to senior management and the governance bodies and to prepare a new audit report format that must include a specific section for the communication of "key audit matters", as provided by the adoption of the seven audit principles (ISA Italia 260, ISA Italia 570, ISA Italia 700, ISA Italia 701, ISA Italia 705, ISA Italia 706, and ISA Italia 710);

- to express an opinion on conformity with the provisions of the law and to release a statement about the identification, if any, of significant errors, with reference to the report operations and specific information contained in the report on corporate governance and ownership structures (in addition to the opinion about such reports' consistency with the financial statements), as provided by the adoption and implementation of the new audit principle (ISA Italia) 720B.

In addition, the Board of Statutory Auditors has held meetings with the company departments involved in the audit process, which have provided their assessments about the request for the supplementation and the fairness of the request's contents.

As a result of the foregoing, the Board of Statutory Auditors believes that the request for the supplementation is: consistent with the statutory audit process with reference to the mandate in effect; adequate in consideration of the new audit activities connected with the changes in regulations and the issuance of new audit principles; consistent with the professional commitment required; and in line with the conditions already in effect. The Board of Statutory Auditors accordingly

*proposes*

in light of the new responsibilities and activities assumed by the independent audit firm following the regulatory changes in relation to the statutory audit and to the audit principles of reference, that the shareholders approve, in the terms indicated, the supplementation of compensation for Deloitte & Touche S.p.A.'s audit activity in the amount of Euro 10,000.00 (ten thousand), for each of years from 31 December 2017 to 31 December 2021 (included), with no changes to the other terms and conditions of the original proposal approved by the EI Towers S.p.A. shareholders' meeting with a resolution dated 18 April 2013.

Lissone, 21 March 2018

THE STATUTORY AUDITORS

(Antonio Aristide Mastrangelo)

(Francesca Meneghel)

(Riccardo Perotta)

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