

2017

SUSTAINABILITY
REPORT

EI TOWERS S.p.A.

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

EI  **TOWERS**

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LETTER TO STAKEHOLDERS

To the Stakeholders:

In the presence of a high-growth scenario, complemented by a commitment to research and innovation, the EI Towers Group made a decision in 2017 to take a structured and standardized approach to sustainability.

In view thereof and in line with the provisions of Legislative Decree No. 254/2016 on the reporting of non-financial information, the year of 2017 marks the inauguration of our first Sustainability Report: a valuable tool for involving our stakeholders in the Group's objectives and results achieved in terms of economic, social and environmental performance.

This Sustainability Report is a primary step toward highlighting the awareness of our role as a responsible company, and our commitment to ethics and the respect of individuals and the environment as dis-

tinct aspects of the way we conduct business. While we remain steadfast to our commitment of creating value over the long term, this Report aims to scrutinize the Group's sustainability performance, for the purposes of clarifying the progress made and better guiding the future strategies, with an ever-increasing emphasis on our stakeholders and the environment that surrounds us.

We are convinced that the approach to doing business responsibly can differentiate us and can raise our profile with respect to all industry participants, illustrating the sustainable practices that we are already adopting within the Group and highlighting the objectives that we aim to achieve.

Through involving our employees and business partners in the preparation of

this Report and the collection of information presented herein, we have proof that sustainability is already an intrinsic part of our values and the way we do business.

In addition, through the in-depth analysis of sustainability, we have become more and more knowledgeable of the salient aspects of the business environment in which we work every day, and we have had an important opportunity to foster dialogue between the various departments of the Group, which have come together to discuss transversal issues.

From the proper disposal of decommissioned plants to the marketing and sale of our services, and from the well-being of our employees to the impact on local communities, the issues discussed in this first Sustainability Report can be considered a starting point for improving the Group's

commitment toward adopting increasingly conscious sustainability decisions and strategies.

By integrating the issues of sustainability within the company dynamics, we are confident that we will not only be able to reach our goals more effectively and with a greater awareness of our actions, but that we can contribute to the socio-economic development of the communities that we serve and can look ahead with optimism to future challenges by leveraging the values we embrace.



Guido Barbieri

Amministratore Delegato
Gruppo EI Towers

«This Sustainability Report is a primary step toward highlighting the awareness of our role as a responsible company, and our commitment to ethics and the respect of individuals and the environment as distinct aspects of the way we conduct business.»

PRELIMINARY NOTE ON METHODOLOGY

This document (hereinafter, also “Sustainability Report” or “Report”) represents the first **Consolidated Non-Financial Statement** prepared and presented by the **EI Towers Group**, which consists of EI Towers S.p.A. (hereinafter, also the “Company”) and its subsidiaries (hereinafter, as a whole, also “EI Towers Group”, “Group” or “EI Towers”). This Report aims to provide a representation of the Group’s business activity, its results, and its impact concerning key sustainability issues with reference to 2017 (reporting period: 1 January to 31 December 2017).

Although included in the area of consolidation covered by the Consolidated Non-Financial Statement 2017 prepared by the Mediaset Group, EI Towers has decided not to make use of the exemption provided by Article 6, Paragraph 2, letter a) of Legislative Decree No. 254/16, and to prepare its own Sustainability Report in conformity with Articles 3 and 4 of Legislative Decree No. 254/16 for the implementation of Directive 2014/95/EU, for the purpose of guaranteeing the maximum transparency to the market and stakeholders.

Accordingly, the Report describes the central policies implemented by the Group, the Group’s management models, and its

results in 2017 regarding: i) the matters expressly referenced in Legislative Decree No. 254/16 (environmental, social, employee relations, respect of human rights, and the fight against corruption); the principal risks identified in relation to such matters; and the related procedures and methods for managing such risks.

Considering the operational and regulatory framework in which EI Towers operates, the specific issue of the respect of human rights is addressed by the Group as part of its management of relationships with employees and suppliers, in respect of the principles and values enunciated in the Group’s Ethics Code. In addition, in consideration of the specific business sector, the Group’s activities do not entail any significant water consumption, and they are not the source of the other emissions polluting the atmosphere. Accordingly, to facilitate an adequate understanding of the business activities, these matters (as referenced by Article 3 Paragraph 2 of Legislative Decree No. 254/16) are not addressed in this Report, even though an estimate of the annual water consumption is supplied.

Based on the foregoing and with a view toward continuous improvement, the Group has embarked on a path to sustainability

that refers to the most significant matters for EI Towers and is oriented toward a gradual implementation of the commitments and operating practices pertaining to the application of: i) the provisions referenced in Legislative Decree No. 254/16; and ii) the principles of the Group’s Ethics Code, the main compliance models (first and foremost, the Organizational Model pursuant to Legislative Decree No. 231/01), and the risk-management models (the Enterprise Risk Management Model), all of which have been adopted.

During its mandate, the Board of Directors has pursued the aforementioned path to sustainability by carrying out the guidance and assessment functions contemplated by the Corporate Governance Code, with the support and activities of the board committees and based on activities carried out by the Company’s other corporate governance units. The Board of Directors has monitored the actions undertaken and adopted the decisions for which it is responsible, as outlined in this Report, including, without limitation: the updating of the Ethics Code and the Organizational Model pursuant to Legislative Decree No.231/01; the updating of the guidelines for the Internal Control and Risk Management System and the Group’s Enterprise Risk Management Policy with

regard to the issue of sustainability; and the orientation of the scale, mix, and diversity of the board itself. The Company, and, for the account of the Company, the new Board of Directors, will pursue the activities to develop sustainability policies over the next three years, thereby providing continuity to the actions already undertaken.

The 2017 Sustainability Report has been prepared in compliance with the “GRI Sustainability Reporting Standards” (2016) published by the Global Reporting Initiative (GRI), according to the “core” option.

The data and indicators set forth herein have been selected starting from the results of the first materiality analysis completed in 2017, which is summarized in this Report. As a result of this analysis, it was possible to identify the principal matters considered “material” for the Group and its stakeholders, taking into account the matters referenced by Legislative Decree No. 254/16.

The Group defined the contents of the Sustainability Report through a process based on the principles of materiality, the inclusion of the stakeholders, the comprehensiveness of the data, and the operational framework. Instead, with reference

to the quality of the data reported, the Group applied the principles of equilibrium, accuracy, verifiability, and comparability.

An appendix to this Report contains the GRI Content Index, which illustrates only the indicators relevant for the EI Towers Group's activity, according to the materiality analysis.

The Report's economic data are taken from the EI Towers Group's 2017 consolidated financial statements. The social and environmental data and information refer to the companies that were part of the EI Towers Group at 31 December 2017, consolidated on a line-by-line basis in the consolidated financial statements, namely, EI Towers S.p.A. and the main subsidiary companies, TowerTel S.p.A., Nettrotter S.r.l. and EIT Radio S.r.l., the last of which was incorporated in May 2016.

The Group's area of consolidation also includes the companies, Monte Maddalena Telecomunicazioni S.r.l., in liquidation, and Multireti S.r.l., acquired in December 2017 and soon to be merged into EI Towers S.p.A. These last two companies are not significant, including due to their present status, for the purpose of understanding the matters referenced

in this Report. Therefore, while ensuring the proper understanding of the business activity, the social and environmental data and information presented in this Report do not include such companies.

Unless otherwise indicated, the data and information contained in this Report refer to the year of 2017. However, in order to facilitate an evaluation of the ongoing trend of the activity, the data and information related to the previous year, if available, are reported for comparative purposes. In addition, information about actions undertaken in prior years is likewise included for the purpose of proper representation, if such actions are still applicable within the sphere of the Group's activity.

With the aim of providing a correct representation of performance and assuring the reliability of the data, the use of estimates in this Report is limited. Where present, estimates are based on the best methods available and are appropriately indicated.

With reference to the frequency of publication, the Sustainability Report is to be drawn up and presented on an annual basis.

The Sustainability Report was presented for the review and assessment of the Control and Risk Committee on 20 March 2018, and it was subsequently approved by the EI Towers S.p.A. Board of Directors on 22 March 2018.

This Report has been subject to a limited assurance engagement (according to the criteria indicated by Principle ISAE 3000 Revised) on the part of Deloitte & Touche S.p.A., whose report thereon certifies the conformity of the information provided pursuant to Article 3, Paragraph 10 of Legislative Decree No. 254/16. The limited assurance engagement was carried out according to the procedures indicated in the "Report of the Independent Audit Firm", included in this document.

For any information related to the EI Towers Sustainability Report, stakeholders may contact Investors Relations at the following e-mail address: investor.relations@eitowers.it. This Report is also available on the EI Towers website (www.eitowers.it), Sustainability Section.



01

SUSTAINABILITY FOR EI TOWERS

1.1 EI TOWERS' APPROACH TO SUSTAINABILITY

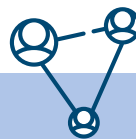
The EI Towers Group is an independent tower operator and Italy's leader in the management of the network infrastructure for television and radio broadcasters and telecommunications companies. In addition to research, technological innovation, and the quality of service, the Company's mission embraces the commitment to bring efficiency and effectiveness to operations through a consolidated industrial approach based on many years of experience in this sector.

Throughout every phase of its growth, EI Towers has pursued the objective of creating value for its stakeholders, which

is a distinct aspect of socially responsible businesses. For this reason, the Group has recently embraced a more attentive approach to sustainability issues, on a basis consistent with both i) its strategic, organizational, and operational orientation; and, ii) the corporate-governance practices already implemented. More specifically, the Group aims to make sustainability values and principles more concrete within the operational activities, including in view of the preparation of the first Non-Financial Information Statement; in so doing, the Group has developed an internal involvement process that envisions the following activities:



The sharing of the objectives and activities contemplated by the process of reporting non-financial information.



The mapping of the key stakeholders who maintain a relationship with the Group based on dialogue and participation, and who may be influenced by EI Towers' strategic decisions and operating activities.



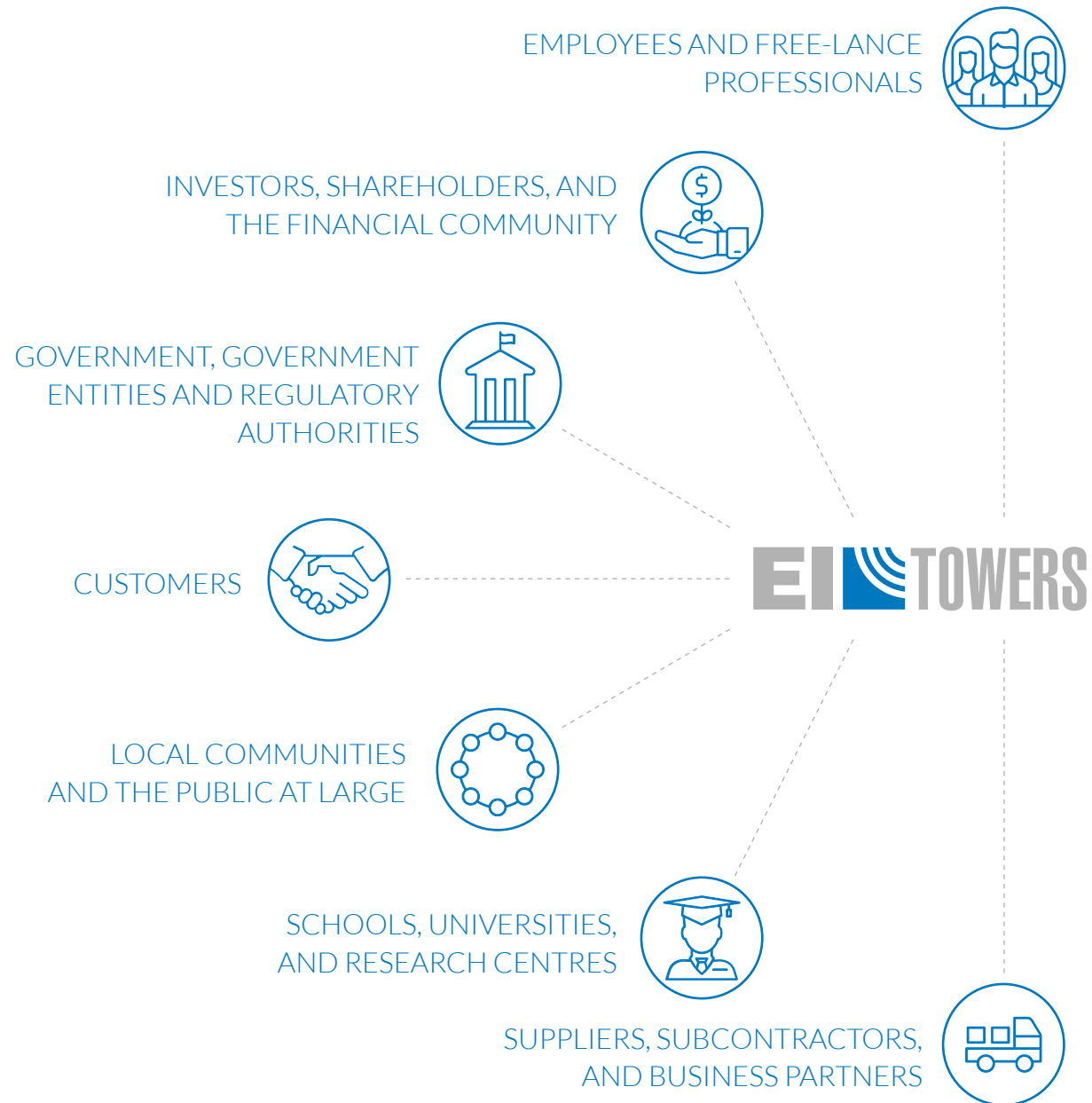
The identification and assessment of the material matters of economic, environmental, and social sustainability that are significant for the Group's activities and its stakeholders.

1.2 EI TOWERS GROUP'S STAKEHOLDERS

Doing business in a responsible manner means committing to creating value for all stakeholders. Stakeholders thus play a vital role in EI Towers' growth: through their involvement and the consideration of their needs, the Group can effectively pursue its economic, environmental, and social objectives through a collaborative effort.

For its first Sustainability Report, EI Towers has conscientiously identified the individual parties who interact with the Group, with the aim of pinpointing and managing the possible impacts that operational activities can have on each category of stakeholders.

The mapping of the stakeholders was done by considering the main international principles established by the AA1000 Stakeholders Engagement Standard, AccountAbility (2015), and the GRI Sustainability Reporting Standards 2016. This analysis made it possible to distinguish and to map the EI Towers Group's stakeholders based on the type of relationships that they maintain with the Group.



In aiming to involve the stakeholders in its activities, and by emphasizing their role and potential, EI Towers carries out stakeholder-engagement activities, such as the following:

- A continuous information flow with shareholders, investors, and the financial community. During the year, the Group organizes periodic conference calls with shareholders following the presentation of financial results; it stages roadshows to leading financial centres; and it arranges for participation in events and special-topic day seminars promoted by Borsa Italiana and conferences organized by leading international brokers;
- Continuous coordination with the various international and national working in groups, including those set up by the Italian Communications Authority (AGCOM), the Italian Antitrust Authority (AGCM), the Italian Ministry of Economic Development (MISE), the Italian Ministry of the Economy and Finance (MEF), and the Directorate-General for Communications Networks, Content and Technology (DG Connect) at the offices of the European Commission;
- Participation in various trade associations, with the objective of coordinating, safeguarding, and promoting the interests of the industry and industry participants;
- Structured relationships with labour unions, regulatory bodies, central government entities, and local public administration;
- Think tanks and workshops about sustainability issues and key regulatory matters of significance for the Group (e.g. market abuse, Legislative Decree No. 231/01, protection of privacy, occupational health and safety), which involve the senior managers and company departments responsible;
- Induction Programme, through which the directors and statutory auditors periodically participate in initiatives for the in-depth analysis of: the Group's business; the sector in which the Group operates; the principles for the proper management of risks from the standpoint of medium-/long-term sustainability; and the regulatory and self-regulating framework of reference.



1.3 MATERIALITY ANALYSIS

The materiality analysis represents the central process behind the preparation of the Sustainability Report, and it is aimed at selecting “material” economic, environmental and social matters, namely, those most significant for the Group and its stakeholders.

The results of this analysis, therefore, become the point of reference for all reporting activity to be carried out for the preparation of the Report. To identify the most significant matters, EI Towers undertook an internal stakeholder-engagement exercise in 2017 with the involvement of top management, requesting executives to complete a specific questionnaire containing all possible sustainability-related matters deemed significant for the Group’s business sector and operating framework.

The managers were asked to evaluate such matters according to their relevance from the Group’s standpoint. Subsequently, the Group also identified requirements and needs from a stakeholder perspective.

These matters were assessed by considering the four principles suggested by the GRI Standards guidelines for the definition of the most significant aspects:

materiality, stakeholder inclusion, comprehensiveness of data, and the Group’s operational framework.

The results of the analysis are illustrated in the materiality matrix, which highlights the 24 matters considered “material” based on their economic, social and environmental significance for both the EI Towers Group and its stakeholders.

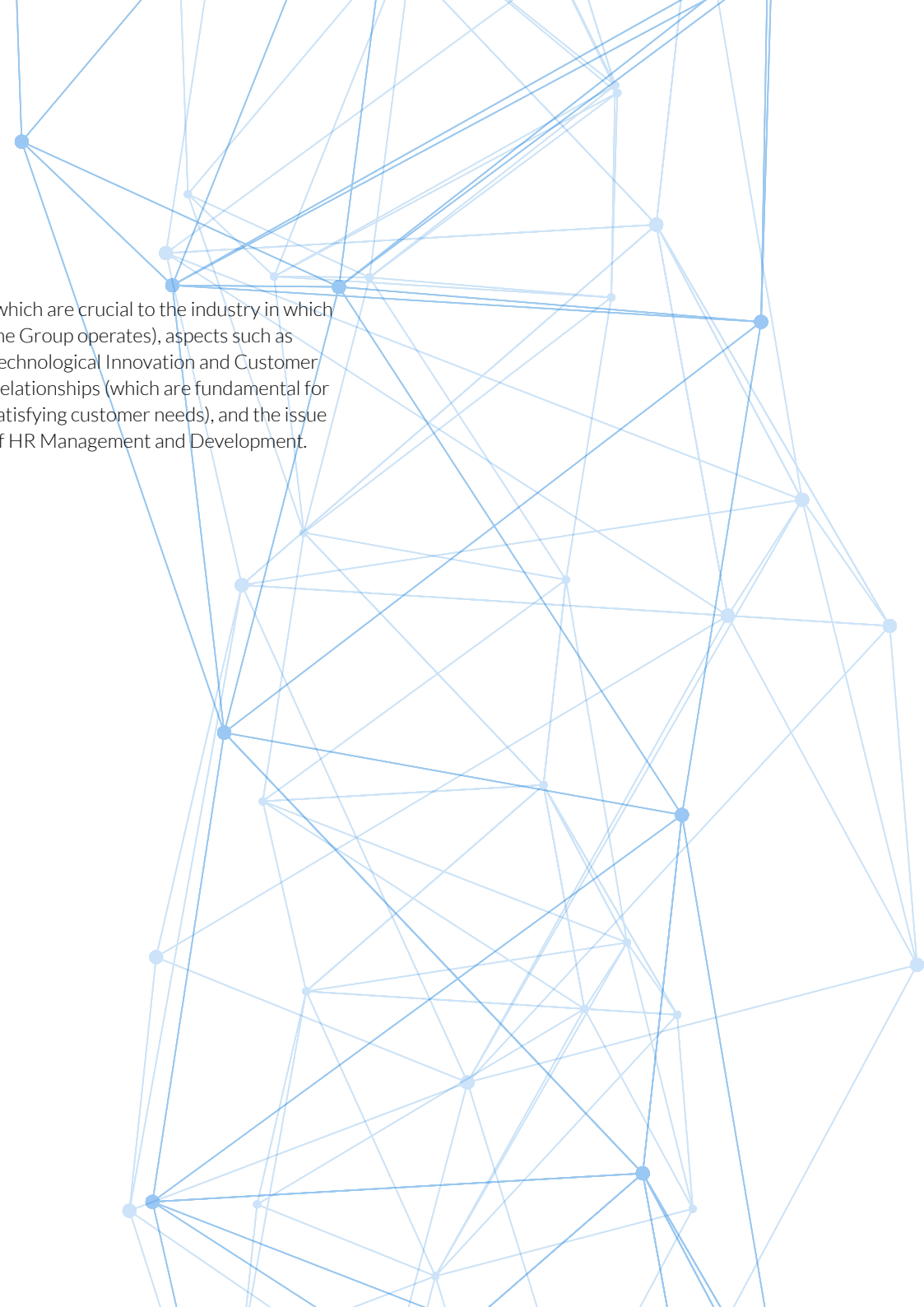
The matrix provides a representation that is an important tool for EI Towers’ in identifying sustainability priorities and defining the actions to be developed in relation thereto.

More specifically, the analysis indicated that the following matters have the greatest relevance and most profound impact with respect to the activities and interests of the Group and its stakeholders: Economic Performance, Business Ethics and Integrity, Anti-corruption, Service Quality and Security, and Health and Safety.

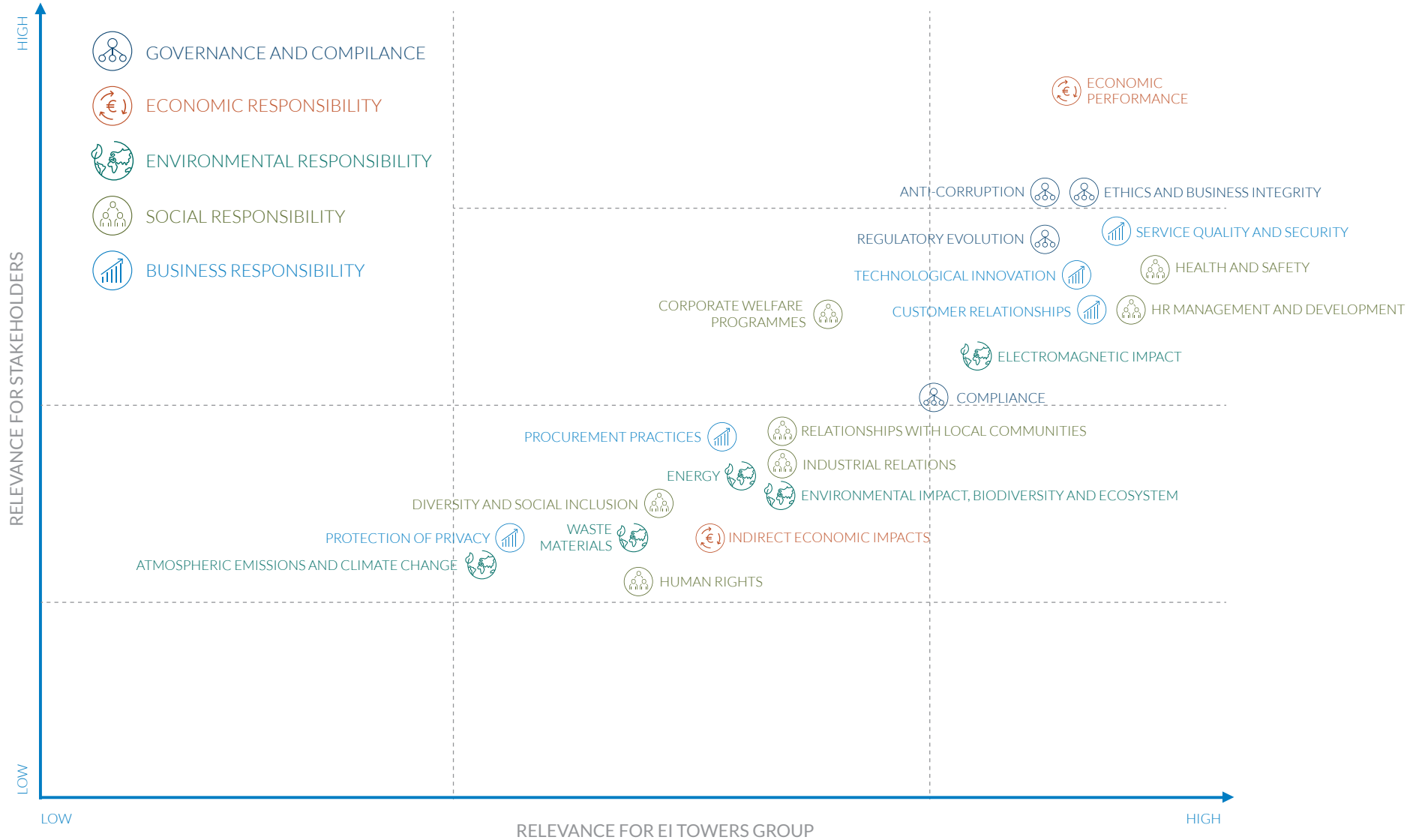
These are fundamental aspects that reflect the strategy so far implemented by EI Towers, with its strong commitment to all of these areas.

The matrix also highlights the importance of the issue of Regulatory Developments

(which are crucial to the industry in which the Group operates), aspects such as Technological Innovation and Customer Relationships (which are fundamental for satisfying customer needs), and the issue of HR Management and Development.



EI TOWERS GROUP MATERIALITY MATRIX



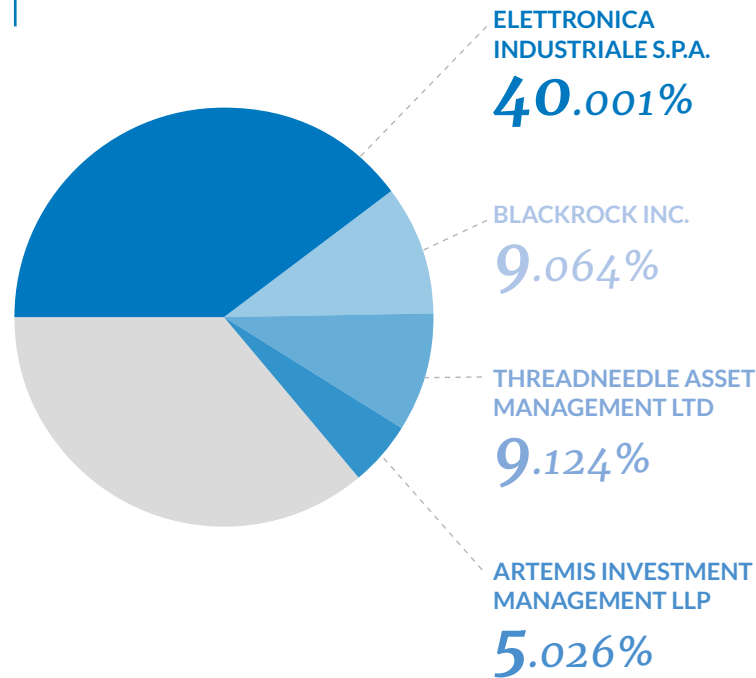
02

EI TOWERS GROUP

2.1 GROUP PROFILE

SIGNIFICANT EQUITY INVESTMENTS IN THE SHARE CAPITAL OF EI TOWERS

(equal to or above 5%)



EI TOWERS GROUP SHAREHOLDER BASE



With its registered office at Lissone (MB), EI Towers is a company traded on the Borsa Italiana STAR segment. The Company's principal shareholder is Elettronica Industriale S.p.A. (40.001%), which is, in turn, controlled by the Mediaset Group. With reference to substantive changes in the ownership structure, it is noted that Artemis Investment Management LP became a significant shareholder at the start of 2017, with an equity investment equal to 5.026% of the share capital.

EI Towers' core business consists of the planning, construction, operation of network infrastructures and integrated services for electronic communications, which are for the benefit of television and radio broadcasters and the mobile telecommunications industry (GSM/UMTS/LTE operators), fixed-wireless Internet providers (WiFi/WiMax operators), public utilities, and government institutions. The Group also operates in the Internet of Things, and it has fibre-optic backbone spanning more than 6,000 kilometres, and a satellite infrastructure based on two up-link platforms.

With 14 regional offices (in addition to the two head-office facilities in Lissone) and a portfolio of approximately 3,400 infrastructures and stations, including 2,300 broadcasting towers and more than 1,100 mobile telecommunications towers, EI Towers operates nationwide with

transmission equipment and broadcasting antennas, through which it hosts and manages more than 10,000 of its customers' systems. The services offered range from hosting at transmission equipment stations and broadcasting antennas to all of the complementary activities (carried out directly or through partner businesses), including installation, testing, and extraordinary and routine maintenance of the hosted equipment. In addition, the Company provides a more technological and comprehensive service to certain customers through the planning, design, construction and full-service operation of broadcasting network infrastructures. More specifically, EI Towers offers a service of managing contribution traffic for the television productions of its indirect parent company, the Mediaset Group.

While the holding company, EI Towers S.p.A., manages the infrastructure and station assets primarily dedicated to television broadcasting operators, the wholly-owned subsidiary, TowerTel S.p.A., owns the stations dedicated to mobile telecommunications providers and Wi-Fi and Wi-Max operators, carrying out the activity of managing the infrastructures for telecommunications networks. In addition, the Group has recently undertaken a series of actions to diversify the business, including: the incorporation in 2016 of EIT Radio S.r.l., a wholly-owned subsidiary of EI Towers dedicated to supplying hosting and



management services for radio broadcasters; the incorporation in 2015 of Nettrotter S.r.l., a 95%-controlled subsidiary of EI Towers that is active in the development of a network in Italy dedicated to the Internet of Things (in partnership with SIGFOX S.A., a global leader in the so-called “Low Power Wide Area” segment); and the sale of connectivity services through subscription. .

EI TOWERS S.P.A.

At the forefront of digital-terrestrial platform development, the holding company offers an array of integrated services to network operators, leveraging its seasoned experience, extensive research and development, highly qualified personnel employed nationwide, and civil and plant infrastructures located in all of Italy's regions. EI Towers markets a portfolio of tailored services to its customers based on their needs (including hosting on stations, quality control, and maintenance), as well as the possibility of total network management, from planning to signal transmission

to the broadcasting sites.

EIT RADIO S.R.L.

Radio signals broadcast using analogue AM/FM or DAB technology and require a broad-based station distribution. Through its subsidiary, EIT Radio, EI Towers offers an extensive range of services, which range from pure hosting, monitoring and quality control, to first-response, routine, and corrective maintenance, to services for audio/video/data signal transmission and full-service network operation. Incorporated in May 2016, EIT Radio acts as an effective and efficient network management partner, providing the best infrastructure and guaranteeing a high level of service, in such a way as to allow the customers to focus on their core radio broadcast business.

TOWERTEL S.P.A.

The subsidiary, TowerTel, responds to the needs of the leading telecommunications service providers, offering not only stations, but also rooftop installations in

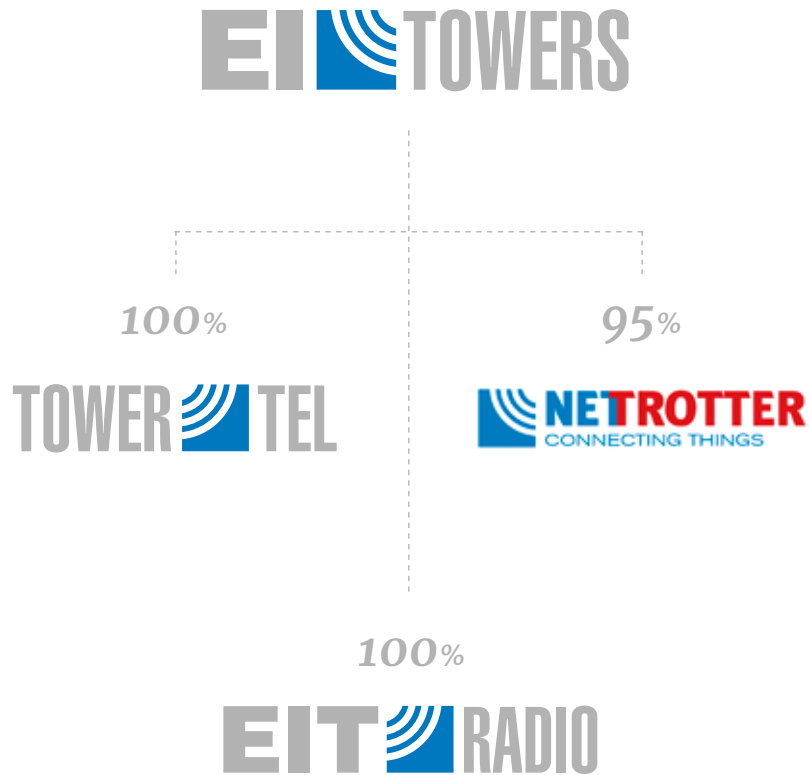
urban environments that are suited to the needs of telecommunications companies working with GSM, DCS, UMTS, or LTE technology, and robust network development support to customers operating Wi-Fi, Wi-Max and Hyperlan networks. In addition to pure hosting, the service portfolio includes various professional solutions, such as: service management, station scouting, and support for obtaining permits, planning, structural testing, and civil works.

NETTROTTER S.R.L.

Nettrotter was incorporated in 2015 to develop a network dedicated entirely to the Internet of Things (IoT). It does business in Italy as a Sigfox Operator, selling connectivity services for the IoT market and developing a network with nationwide coverage for efficient and reliable management of information. The areas of application are potentially unlimited, and there are numerous sectors that can benefit from the new Sigfox technology: farming

and environment, automotive, construction, consumer electronics, emergency and security services, healthcare, intelligent buildings, production and procurement, commercial and recreational activities, smart cities, public transportation, and utilities. Nettrotter is working at the cutting edge of developing a system that offers significant growth opportunities to the most innovative IT companies, sensor and device producers, and service providers, contributing to value creation for the end user. Nettrotter is also building a group of partners with the goal of implementing and promoting turn-key solutions for the Internet of Things.

EI TOWERS GROUP STRUCTURE



MARKETS SERVED BY EI TOWERS GROUP



BROADCAST TV

EI Towers offers Numerous integrated services, leveraging its consolidated expertise, infrastructures nationwide, and continuous research and development activity.



BROADCAST RADIO

EI Towers ensures an extensive presence of the stations for the transmission of radio signals, through analogue AM/FM or DAB technology.



TLC, WI-FI E WI-MAX

In addition to the strategically located broadcast towers for long-range transmissions, the EI Towers' portfolio of stations includes rooftop installations in urban environments that are suited to the needs of telecommunications companies working with GSM, DCS, UMTS, or LTE technology.



INTERNET OF THINGS

The subsidiary, Nettrotter, was created to develop the Sigfox network in Italy, and to sell subscriptions to connectivity services for the Internet of Things in Italy.

BROADCAST TV AND RADIO

HOSTING

EI Towers offers its customers the possibility of hosting their telecommunications equipment in special shelters close to masts and installing their transmitting systems strategically on these structures, in such a way as to ensure the best possible geographical coverage.

The service also includes surveys and feasibility studies to determine the condition of the infrastructure following a request for hosting/installation. In addition, EI Towers manages

relations with the public administration and the presentation of applications on the customer's behalf, complete with all the necessary attachments.



MONITORING AND QUALITY CONTROL

EI Towers ensures continuous monitoring of the plant structure, with a special focus on hosted equipment, radio links, network infrastructures, head-end systems, and audio/video/data signal connections.

EI Towers has a broad-based probing system to certify the quality of the signal received by users; a web portal provides customers with direct access to this information.

FIRST-RESPONSE, ROUTINE, AND CORRECTIVE MAINTENANCE

EI Towers provides customized routine maintenance solutions for equipment, hosted transmitting systems, and plant operation (to preserve the perfect state of efficiency).

EI Towers also provides first-response assistance following customer reports or malfunctions, and corrective maintenance of its customers' systems when requested or in cases where routine or first-response maintenance identifies the need for spot work.

AUDIO/VIDEO/ DATA SIGNAL TRANSMISSION

Given its powerful network infrastructures facilities, EI Towers offers planning activity by the Broadcast Centre and technical supervision by the Master Control Rooms in Milan and Rome. EI Towers can manage audio and video contribution services in Italy and around the world for broadcasters who need to deliver live content.

The presence of qualified personnel in event locations provides guarantees of ongoing support and rapid response. EI Towers supports outdoor TV broadcasts in the form of the radio camera connection services needed to operate and remotely control TV cameras that are not connected to the mobile studio by cable.

Through the "TOTEM" Net Video Box, EI Towers can establish live A/V links without the need for studio personnel.

FULL SERVICE

EI Towers also offers a comprehensive turn-key package of advanced-technology, television-network management services.

This full-service offering includes: network planning, design, implementation and management; digital signal transmission services to broadcast sites; equipment hire, if required; certification and control of geographical coverage; and head-end design and operation.

TLC, WI-FI E WI-MAX

HOSTING

EI Towers offers its customers the possibility of hosting their telecommunications equipment in special areas or shelters close to masts and installing their transmitting systems and radio links strategically on these structures.

PROFESSIONAL ACTIVITY

Towertel ensures an extensive range of preliminary professional services in preparation for hosting the customer's equipment and in particular: station scouting and acquisition for network development purposes; management of real estate contracts (purchase or rent); general planning and permit applications; electromagnetic impact analysis; detailed planning; static and structural testing; civil works and the production and installation of heavy steel structures for poles, masts and towers; design of radio-link backbone systems; and design and construction of dedicated radio-link backbone systems, including the design of remote links.



2.2 HISTORY

The holding company, EI Towers S.p.A., was created in 2012 by combining the proven experience and the know-how of Elettronica Industriale S.p.A., a company with technological excellence and the operational arm of the Mediaset Group's network management, with the dynamism and focus of the DMT Group, whose extensive customer portfolio has been maintained.

ELETTRONICA INDUSTRIALE

- **1973-1980**
Elettronica Industriale S.p.A. (EI) was set up in 1973 as a company active in the planning and construction of electronic devices and the operation of television systems.
- **1981-1990**
EI began working with Fininvest for the planning, construction, and operation of the national television network (Canale 5, Italia 1 and Rete 4).
- **1991-1999**
EI operated more than 1,700 television stations and all of the technological systems functional to RTI (Mediaset) broadcasts. It participated in the launch of Telepiù and worked on the planning of commercial television networks in France, Germany, Spain, and the UK.
- **2000**
EI spun off and sold to DMT the business unit dedicated to the planning, production, marketing, and sale of systems for television broadcasting.
- **2001-2005**
RTI transferred to EI the business unit owning the frequencies, systems, towers and all contractual relationships referring to the towers.
- **2006-2008**
EI obtained a digital network operator license, and it increased its portfolio of services to Telecom Italia and Vodafone.
- **2009**
EI played a primary role in the switch-off of analogue TV in favour of digital TV (DTT) and in the expansion of the Mediaset Group's digital terrestrial television.

DMT

- **2000**
DMT S.p.A. was set up by acquiring the EI business unit dedicated to the planning of systems for television broadcasting, with the acquisition of know-how and personnel (but no towers).
- **2001-2003**
DMT acquired numerous companies with towers dedicated to radio and television broadcasting. In 2003, it incorporated TowerTel, a company that was managing 140 towers for telecommunications.
- **2004**
DMT completed its public listing on the Milan Stock Exchange.
- **2005-2008**
DMT increased the number of towers managed to around 1,500, mostly in northern Italy, and it participated in important network projects in Italy and abroad.

2010

EI made its 6,000 kilometre optical fibre backbone fully operational; the backbone is dedicated to the contribution network for the television signal and the interconnection of offices.

2011

EI, a broadcasting network operator within the Mediaset Group, spun off its network infrastructure as well as most of its personnel and all of its operating assets dedicated to the same to a company under the name of EI Towers S.p.A. (Elettronica Industriale maintained the ownership of the transmitters and the frequencies).

2012

DMT S.p.A. incorporated EI Towers S.p.A., taking on the name of the incorporated company. The personnel and assets of both companies were merged into a single entity operating with a portfolio of around 2,700 sites, developing a full-service business model by integrating the two services offered by EI Towers e DMT.

2012-2016

In 2013, EI Towers floated a 5-year corporate bond issue on the regulated markets for a nominal value of €200 million, with a coupon of 3.875%. In 2014, the Company completed the acquisition of two operators in the central-southern Italy (Hightel, Start).

In 2015, EI Towers perfected acquisitions of telecommunications operators and signed an agreement with Cairo Communication for the construction and operation of a national multiplex on the digital terrestrial platform. The subsidiary, Nettrotter, was incorporated and charged with focusing on IoT, in partnership with Sigfox. In 2016, the Company incorporated EIT Radio, a unit dedicated to radio broadcasting.

2016-2017

EI Towers perfected a re-leveraging plan based on the achievement of a leverage target of around 2.5, through various initiatives, including: the distribution of an ordinary and extraordinary dividend; a buyback plan aimed at repurchasing up to 5% of the share capital; and the continuation of small M&A concentrated mainly on tower operators in the telecommunications and radio businesses.

2009

DMT began using its infrastructures to host new technologies dedicated to wireless data traffic and supported all of its television customers in the changeover to digital technology.

2010

DMT finalized the sale of the technological systems division (television transmitters) and became an operator of infrastructures situated across the country.

2011

The transaction covering the incorporation of EI Towers S.p.A. into DMT S.p.A. was developed and perfected during the year.

The Group refinanced outstanding debt, prepaying €230 million of bonds, and entering into an unsecured, 4-year bank credit facility with a maximum amount of €270 million.

RAI WAY TENDER

In February 2015, EI Towers promoted a voluntary exchange and tender offer on all the ordinary shares of Rai Way. The intention expressed by the public administration to retain a 51% stake in Rai Way made it impossible to pursue the offer.

On 14 July 2017, the Court of Milan closed out the proceedings initiated in 2015 with respect to the pro-tempore directors of EI Towers in relation to the exchange and tender offer on Rai Way S.p.A. promoted in February 2015.

TLC SECTOR

In 2015-2016, the Group played an active role in the sale of country's principal assets (Galata, Inwit), with the objective of blending the need for diversification with the need to safeguard returns to shareholders.

2.3 MARKET OVERVIEW

EI Towers represents one of the leading national operators of network infrastructures, and it carries out its activity in a highly regulated sector in which relationships with regulatory bodies and trade associations play a significant role.

Accordingly, the Group participates in the working groups of various industry associations, and liaises with the regulatory bodies and authorities of reference, including:

- The **Italian Ministry of Economic Development**, for the general authorizations for the supply of electronic communication services and the concession of radio frequencies, as well as for the participation in the infrastructure registry, the Federated National Information System of Infrastructure (SINFI);
- The **Italian Ministry of the Economy and Finance**, for issues involving the National Register with reference to the Group's infrastructures;
- The **European Commission's Directorate-General for Communications Networks, Content and Technology** (DG Connect), for the process of updating Industry regulations;

- The Italian Communications Authority (**AGCOM**), for the classification of innovative services within the context of Italian laws and regulations (including the Internet of Things);
- The Italian Antitrust Authority (**AGCM**), for the sending of semi-annual reports for the authority's monitoring of compliance with the measures prescribed by the authority in its Order No. 23117 of 14 December 2011 authorizing the EI Towers-DMT merger;
- **Bank of Italy**, for the monitoring of economic transactions with foreign counterparties;
- National Statistics Institute (**ISTAT**), for participation in various surveys, including recurring surveys, with respect to both economic data and data related to innovation, remuneration, and digitalization;
- The **public administrations** nationwide, for the purpose of properly managing the administrative practices inherent to the transmission sites.

LIST OF THE MAIN INDUSTRY ASSOCIATIONS IN WHICH THE EI TOWERS GROUP TAKES PART

	ACTIVITY
Assotelecomunicazioni - Asstel	EI Towers is part of this Confindustria association that brings together telecommunications operators to promote changes in the taxation, property-registry, and energy regulations and other regulatory matters, to promote the development of the sector and the supply chain, as well as to reduce the cost burden of existing legislation that limits the sector's development.
European Wireless Infrastructure Association (EWIA)	EI Towers is one of the founders of this association, which aims to positively influence legislation concerning European tower operators. The Group is engaged in simplifying the regulation of the tower sector and participates in consultations for the new European Communications Code.
Fixed Wireless Access Coalition (CFWA)	EI Towers participates in this association aimed at protecting the interests of fixed wireless operators, and at providing Internet service in white space.
Assonime	The Group participates in this association of Italian joint-stock companies, as part of the regulations concerning listed companies.
Assolombarda	EI Towers participates in this association of industrial companies in the provinces of Milan, Lodi and Monza and Brianza.
Assoimmobiliare	The subsidiary, Towertel, is a member of Assoimmobiliare, an association focused on property law and value-enhancement of real property assets.
Italian Electrotechnical Committee (CEI)	The Group participates in the Italian Electrotechnical Committee, which is dedicated to the definition of technical and electrical-technical standards for the sector.
Confindustria Radio TV; Digital Video Broadcasting (DVB); Broadcast Network Europe (BNE)	Although not directly a member, EI Towers has a technical advisory role in these national and international trade associations aimed at standardizing digital television signal techniques, in support of Mediaset S.p.A.'s participation. In this regard, EI Towers acquires and supplies essential data related to the design of digital networks.

With reference to medium-/long-term business development plans, and the technological and regulatory developments affecting the network infrastructure sector, the Group continuously monitors the framework of reference and participates actively in international and national institutional events and gatherings, which are organized around the principal topics of interest, such as the reallocation of broadcast frequencies, the development of the digital terrestrial platform, and the possible integration between existing transmission platforms (linear, digital terrestrial/satellite, nonlinear, fixed and mobile telecommunications).

Through business units specifically responsible for the governance of regulatory issues, the EI Towers Group can correctly monitor and satisfy industry requirements, including for the purpose of identifying, in advance, possible risks of business disputes and preventing the imposition of incremental charges for non-compliance with applicable regulations.

Given the monitoring activities carried out with the various trade associations and with other market participants, the EI Towers Group can keep abreast of the principal industry trends and adjust continuously to changes in the regulatory framework.

In this regard, the year of 2022 is likely to be particularly important for all television broadcasters and network operators (and, consequently, tower operators), since the reorganization of 700 MHz band frequencies is expected to lead to a technological discontinuity.

INVESTOR RELATIONS

EI Towers is committed to ensuring comprehensive, accurate, symmetric, and timely financial communications through the Investor Relations (IR) Office, which manages contacts with a broad array of stakeholders: shareholders, institutional funds, buy-side and sell-side analysts, credit analysts and bondholders, and retail investors.

The IR section of the company's website is used for disseminating information to the market. In terms of its mission, the IR Office is charged with the following directives:

- to develop a continuous and constructive dialogue between investors and top management in relation to strategic decisions, as well as at the time of the presentation of quarterly results;

- to expand the base of institutional and retail investors over the medium/long term;
- to increase the trading activity of the shares and to stabilize the share price..

In 2017, the financial communications program not only provided for the regular organization of conference calls concerning quarterly results, but also top management's participation in different events, including industry conferences, roadshows abroad, and meetings at the Group's head office and brokerage firms.

During the year, the Group held approximately 170 meetings in leading international financial centres (UK, Europe, United States, Canada, Asia, and Australia) which involved the participation of more than 320 representatives of approximately 280 institutional funds. These meetings were rounded out by daily telephone conversations or email exchanges with approximately 1,700 contacts.

2.4 CORPORATE GOVERNANCE

EI Towers is traded on the Borsa Italiana STAR segment dedicated to mid-size companies with market capitalization less than €1 billion. The Company abides by the most recent version of the Corporate Governance Code for Listed Companies (July 2015), incorporating its principles and adjusting the Company's corporate governance to the best national and international practices on the subject. The Group's organizational structure is based on a traditional model, consisting of three governance body: the shareholders' meeting, the Board of Directors, and the Board of Statutory Auditors. For additional information about the EI Towers Group's corporate governance, reference should be made to the Corporate Governance Report and Ownership Structure in relation to 2017, which are available on the corporate website (www.eitowers.it) in the Governance/Corporate Governance section.

SHAREHOLDERS' MEETINGS

The shareholders' meeting represents all shareholders, and it is authorized to pass resolutions during ordinary and extraordinary sessions concerning matters for which it is responsible by the law or the bylaws. The shareholders meeting is chaired

by the Chairman of the Board of Directors, and its resolutions, adopted in conformity with the law and the bylaws, are binding on all shareholders. The EI Towers shareholders' meetings are governed by regulations to ensure the meetings are conducted in an orderly and functional manner, and in respect of the fundamental rights of each entitled party to participate in the meetings, to request clarification about the various matters under discussion, to express an opinion, and to formulate proposals. For information about the structure of the shareholder base, reference should be made to the "Group Profile" section of this report.

BOARD OF DIRECTORS

The Board of Directors is vested with the broadest of powers for the Company's ordinary and extraordinary administration, with authority to carry out all acts appropriate for the achievement of the company purpose, with the exclusion of those acts that are the responsibility of the shareholders' meeting pursuant to the law or the bylaws. The Board of Directors defines the Group's strategic plans, periodically monitoring their implementation and development. In addition, the Board of Directors is responsible for guiding, and

assessing the adequacy of, the Group's Internal Control and Risk Management System. During 2017, the Board of Directors held nine meetings, with the overall participation of the directors equal to 96.3%. The current Board of Directors consists of nine members, including six who meet the independence requisites provided by the Consolidated Law on Finance, Article 37 of the CONSOB Market Regulations, and the Corporate Governance Code for Listed Companies.

The nine members include eight taken from the list filed by the majority shareholder, Elettronica Industriale S.p.A., and one taken from the list submitted by minority shareholders. Finally, the mix of the Board of Directors is consistent with the measures regarding the independence of the directors as prescribed by the Italian Antitrust Authority (AGCM) in its Order No. 23117 of 14 December 2011 authorizing the EI Towers-DMT merger. It is furthermore noted that the current Board of Directors consists of men (78%) and women (22%), while directors who are older than 50 account for 78% of the board, with the remaining 22% represented by members between the ages of 30 and 50. As of 2017, the Board of Directors is responsible for ensuring the preparation and publication of the Sustainability

Report in accordance with the provisions of Legislative Decree No. 254/2016. The Board of Directors has also internally established a Remuneration Committee and a Control and Risk Committee, with the members of both committees consisting of non-executive and independent directors.

REMUNERATION COMMITTEE

Consisting of three independent directors, the Remuneration Committee held five meetings during 2017, with all committee members in attendance at each meeting. The committee's principal activities include: the periodic assessment of the accuracy, consistency, and concrete application of the remuneration policy; the preparation of proposals or opinions regarding the remuneration of the Board of Directors (inclusive of the remuneration policy for directors and executives with strategic responsibilities and the determination of performance objectives related to the variable component of compensation); and the monitoring of the application of resolutions adopted by the Board of Directors, verifying the actual achievement of the objectives set.



CONTROL AND RISK COMMITTEE

The Control and Risk Committee is made up of three independent directors. During 2017, the committee held 10 meetings, with all committee members in attendance at each meeting. The committee is responsible for supporting the assessments and decisions of the Board of Directors related to the Internal Control and Risk Management System, and decisions related to the approval of the periodic financial reports. More specifically, the committee's activity includes: the evaluation of the proper use of accounting principles; the examination of the activities and proposals regarding the internal audit function and the reports concerning the Internal Control and Risk Management System; and activities inherent to the identification and the evaluation of the methods and procedures for managing the principal business risks. The committee is also responsible regarding the procedures and transactions involving related parties of the EI Towers Group. With the implementation of the provisions of Legislative Decree No. 254/2016, on 25 July 2017, the Board of Directors vested the Control and Risk Committee with responsibility for supporting the board in the assessments and decisions related to the approval of the Sustainability Report.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is vested with the powers provided by the law and the company's by-laws, including as the committee for internal control and the auditing of the company's accounts. More specifically, the board oversees the process of financial disclosure, the effectiveness of the Internal Control and Risk Management System, the statutory audit of the annual and consolidated accounts, and the independence of the auditor conducting the statutory audit. With the implementation of the provisions of Legislative Decree No. 254/2016, the board also administers compliance with the provisions of the decree regarding the Sustainability Report and reports thereon in the annual report to the general meeting of the shareholders. The control function is currently vested with a Board of Statutory Auditors consisting of three active members and three substitutes.

On 20 April 2017, the shareholders' meeting appointed a new Board of Statutory Auditors through a list vote. During 2017, the Board of Statutory Auditors held 12 meetings, with overall participation equal to 97.2%.



STRUCTURE OF THE EI TOWERS S.P.A. BOARD OF DIRECTORS AND COMMITTEES

MEMBER	OFFICE	YEAR OF BIRTH	LIST*	EXECUTIVE	INDEPENDENT	REMUNERATION COMMITTEE	CONTROL AND RISK COMMITTEE
Alberto Giussani	Chairman	1946	M		X	X	X
Guido Barbieri	CEO (Operations)	1966	M	X			
Valter Gottardi	CEO (Business)	1955	M	X			
Paola Casali	Director	1967	M		X	X	
Manlio Cruciatti	Director	1949	M		X		X
Piercarlo Invernizzi	Director	1965	M	X			
Rosa Maria Lo Verso	Director	1965	M		X		
Michele Pirotta	Director	1964	M		X		X
Francesco Sironi	Director	1969	m		X	X	

* List as basis for appointment: "M": Majority list, "m": Minority list

The Board of Directors, appointed by the shareholders' meeting on 21 April 2015, will conclude its term of office with the shareholders meeting for the approval of the financial statements as of 31 December 2017, which has been convened for 23 April 2018.



STRUCTURE OF THE EI TOWERS S.P.A. BOARD OF STATUTORY AUDITORS

MEMBER	POSITION	YEAR OF BIRTH	LIST*
Antonio Aristide Mastrangelo	Chairman	1943	m
Riccardo Massimo Perotta	Acting auditor	1949	M
Francesca Meneghel	Acting auditor	1961	M
Francesco Antonio Giampaolo	Substitute auditor	1943	M
Flavia Daunia Minutillo	Substitute auditor	1971	M
Riccardo Losi	Substitute auditor	1967	m

* List as basis for appointment: "M": Majority list, "m": Minority list

The Board of Statutory Auditors, appointed by the shareholders meeting on 20 April 2017, will conclude its term of office with the shareholders meeting for the approval of the financial statements as of 31 December 2019.

DIVERSITY WITHIN THE CORPORATE GOVERNANCE BODIES

As part of its annual performance evaluation, the Board of Directors has determined that its current composition is appropriately diversified by age, gender, and professional and educational background, in line with the provisions of laws, regulations, and the Corporate Governance Code.

In view of the election of a new Board of Directors and based on the results of the board performance evaluation, on 22 February 2018, the Board of Directors approved the following criteria regarding the size, composition, and diversity of the board, expressing confidence that the diversity of its members is functional to a better definition and pursuit of the Group's strategic objectives in light of future challenges:

- confirmation of nine directors;
- confirmation of a majority of independent directors, considering regulatory provisions, the prevailing provisions of the Corporate Governance Code, and the provisions outlined by the Italian

Antitrust Authority's Order No. 23117 of 14 December 2011;

- at least one-third of the directors represented by gender quotas;
- a balanced combination of different levels of seniority and age ranges, for the purpose of pursuing a balance between continuity and new viewpoints in management;
- managerial, professional and/or academic/institutional profiles with skills and expertise functional to the pursuit of the EI Towers Group's Business, some of which entail experience in internal controls;
- candidates having offices or responsibilities in other companies, who, in terms of number and quality, are compatible with the effective and diligent execution of the role of an EI Towers Director, including in consideration of their respective employment and professional commitments;
- confirmation for the position of chairman of an independent director, who also has adequate experience in corporate governance and who, by virtue of his/her skills and experience, can

be viewed as a reliable and respected representative of all shareholders.

The provisions of Legislative Decree No. 254/2016 regarding non-financial information and information on diversity within large companies were placed into effect as of 2017. Considering this timeline, the current Board of Directors determined that the newly elected Board of Directors should be vested with the responsibility for adopting a policy on the diversity of the board and the board of statutory auditors (the latter of which was appointed in April 2017), taking into account the process initiated by the current board with the criteria set out above pursuant to Article 123-bis, Paragraph 2, letter d-bis) of the Consolidated Law on Finance.



INDUCTION PROGRAMME

During 2017, the directors participated in initiatives for the in-depth analysis of: the Group's business; the sector in which the Group operates; the principles for the proper management of risks; and the regulatory and self-regulating framework of reference. The members of the Board of Statutory Auditors also participated in these initiatives.

More specifically, on 2 May 2017, the directors took part in a seminar developed for the Company's new statutory auditors that focused on the structure, markets, and regulatory framework regarding the Group's operations, the main network services offered by the Company, the related management process, and the organizational structure.

Later, on 5 December 2017, a specific induction programme was completed regarding corporate social responsibility and the reporting of non-financial information, with a focus on the analyses and activities involved in preparing the Group's first Consolidated Non-Financial Information Statement pursuant to Legislative Decree No. 254/2016 (material issues, process, and reporting standards).

Finally, on 22 February 2018, as a follow-up to the prior initiatives, the directors and statutory auditors teamed up with the corporate governance bodies of the subsidiary, Nettrotter S.r.l., to study and analyse the market development of the Internet of Things and the company's business, with a particular emphasis on the technological solutions proposed, network development, and the subsidiary's products and services portfolio.

Under the Chairman's mandate, the Corporate Affairs Department organized all of these meetings, which involved not only the corporate governance bodies, but also company managers directly involved, who supported the various studies and analyses with specific presentations in relation thereto.



2.5 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

L'ENTERPRISE RISK MANAGEMENT

The EI Towers Group's Internal Control and Risk Management System (the "System"), as defined by the Corporate Governance Code, is integrated into the group's organizational and governance structure, and it consists of *"all of the rules, procedures, and organizational structures aimed at making it possible to identify, measure, manage, and monitor the main risks."* The System's guidelines (Guidelines) issued by the Board of Directors designate Enterprise Risk Management (ERM) as the standard mechanism for the System's governance.

Enterprise Risk Management is a continuous process that impacts the Company as a whole, involving senior management and management at every other level. The objective is to manage business risks on a basis consistent with the propensity to enterprise risk, so as to provide sufficient assurance regarding the achievement of the strategic objectives defined. The ERM model aims to facilitate the identification, measurement, and monitoring of the risks, starting from the definition of the Group's strategy; the model entails the hierarchical classification of the risks (strategic risks, process (or operating) risks, reporting

risks and compliance risks) and a qualitative-quantitative assessment model for the same.

The risk assessment is done with reference to both "inherent risk" (in cases where there are no risk-mitigation initiatives) and "residual" risk (in cases where management has put protections and actions in place to mitigate risk).

The annual ERM process progressively considers the main business processes and environments deemed important with reference to sustainability matters for the Group. More specifically, the activity of detecting and evaluating business risks in 2017 involved the following business processes: the sale of Tower Rental Broadcast, network planning, HR management (e.g. the risk of ineffective management of the personnel training process, risk of less-than-optimal management of relationships with union organizations), procurement management (e.g. the risk of the non-reliability of suppliers due to their failure to meet the requisites provided by the law), planning and control, regulatory compliance management, network maintenance, information-technology governance, the sale of Tower Rental Telco, M&A management, administration, and accounting. In 2016 and 2017, the

ERM activity in relation to these processes was expanded through additional analyses about other types of operating and compliance risks, some of which are linked to the main material matters for the EI Towers Group and expressly referable to the matters referenced in Legislative Decree No. 254/2016, including:

- risks connected with environmental management (e.g. the risk of not complying with environmental laws and regulations regarding the location of stations, urban planning, and the processing of hazardous waste);
- risks connected with occupational safety and security (e.g. the risk of not complying with regulatory changes regarding occupational security and improper management of emergency situations);
- legal and compliance risks (with a focus on the risks of criminal actions detrimental to, or in the interest of, the Company).

In implementing the Guidelines, the director in charge of the Internal Control and Risk Management System issued the Group "Enterprise Risk Management Policy" (ERM Policy), approved by the Board

of Directors. The ERM Policy describes the ERM model adopted and the System's components, defining roles, responsibilities, and principal activities carried out in this sphere by the parties involved, and the coordination mechanisms therefor. The Board of Directors updated the Guidelines and the ERM Policy at the start of 2017, taking into account the most recent changes to the Corporate Governance Code on the subject of identifying and assessing risks from the standpoint of medium-/long-term sustainability.

The director responsible for Internal Control and Risk Management System is to report annually to the Board of Directors, the Control and Risk Committee, and the Board of Statutory Auditors about the results produced by the process of detecting and assessing business risks. For additional information about the EI Towers Group Internal Control and Risk Management System, reference should be made to the Corporate Governance Report and Ownership Structure in relation to 2017, which are available on the corporate website (www.eitowers.it) in the Governance/Corporate Governance section.



PRINCIPAL FACTORS OF RISK AND UNCERTAINTIES

The achievement of the strategic objectives, as well as the Group's earnings, capital, and financial position, can be influenced by various potential factors of the risks and uncertainties to which the Group is exposed. The principal factors of risk and uncertainties for the Group are reported in the "Principal Risks and Uncertainties" section of the Directors' Report on Operations which is part of the EIT Towers Group 2017 Financial Statements, available on the corporate website (www.eitowers.it) in the Investors/Financial Reports section.

INTERNAL AUDIT

The Board of Directors has appointed a manager of the Internal Audit unit to verify that the Internal Control and Risk Management System is functional and adequate. This unit is responsible for checking the operability and suitability of the Internal Control and Risk Management System through an annual audit plan approved by the Board of Directors. The plan is based on a structured process of analysing and prioritizing the main risks, and it is developed based on:

- the cyclicity of the audit initiatives, to ensure the coverage of the audit universe over a multi-year time horizon;
- the needs for complying with laws and regulations relevant for the Company (first and foremost, Legislative Decree No. 231/2001 and Law No. 262/2005);
- any specific requests made by the other parties involved in the System (Control and Risk Committee, the director responsible, Board of Statutory Auditors, internal oversight and control body, manager in charge of preparing corporate accounting documents);
- the results produced from the annual business-risk assessment (ERM).

The activities contemplate operational assurance (operational audits and IT audits) and/or compliance assurance (specifically, regarding the Organizational Model pursuant to Legislative Decree No. 231/01), and quality assurance with reference to the main risk-management models existing within the organization (ERM, Law No. 262/05, Legislative Decree No. 81/08 and Legislative Decree No. 196/03).

2.6 BUSINESS ETHICS AND INTEGRITY

The EI Towers Group has long been committed to ensuring integrity and transparency in conducting its business, for the protection of its position and image, and shareholder- and employment-related matters. Against this backdrop, the Group relies on the Ethics Code to support the development of a business defined by strong ethical values, fair dealing, and the guarantee of the freedom of association to employees in respect of international agreements. The social and environmental responsibilities assumed by EI Towers represent a prime occasion for demonstrating the Group's pro-active approach to business ethics. The preparation of the first EI Towers Sustainability Report is, therefore, a fundamental development in terms of transparency and responsibility with respect to the Group's stakeholders.

CONFORMITY WITH LAWS AND REGULATIONS

EI Towers has long been committed to adopting high standards of conformity with laws and regulations. More specifically, the Group has adopted management models and procedures aimed at regulatory compliance (including regulations

regarding the protection of the investments of retail investors, the prevention of market abuses, transactions with related parties, the administrative responsibility of legal persons, the protection of privacy, and worker health and safety). The Group has also applied organizational guidelines and operating instructions concerning the main business processes and policies inherent to the management of risks.

The internal organizational structure provides for individuals and bodies to oversee compliance aspects, including the manager in charge of preparing corporate accounting documents pursuant to Law No. 262/05, the Internal Audit unit, and the internal oversight and control body pursuant to Legislative Decree No. 231/01. The Legal Affairs Department, the Institutional Affairs Department, and the Corporate Affairs Department regularly carry out governance activities with respect to applicable provisions of antitrust regulations, industry regulations, EU and national regulations pertinent to publicly traded companies, and provisions imposed by the regulatory authorities.

In addition, the Legal Affairs Department, with the support of various business units, coordinates the periodic monitoring carried out to ensure proper compliance

with specific antitrust commitments established by the Italian Antitrust Authority. Indeed, upon the merger of EI Towers and DMT, the Italian Antitrust Authority issued a conditional authorizing order to mitigate the EI Towers Group's dominant position in national television broadcasting. This order (No. 23117 of 14 December 2011) has required the Group to respect specific commitments to prevent industry concentration. Among such commitments, the Group must ensure equitable, transparent, and non-discriminatory conditions to all national television broadcasters for access to the transmission infrastructures, and it must prepare two semi-annual reports each year regarding the status of compliance with the commitments. In preparing these reports, the Legal Affairs Department gathers the necessary information from the business areas involved and regularly provides the consultative input needed for complying with the commitments undertaken.

With reference to the foregoing, it is noted that there are no pending legal actions regarding anti-competitive conduct or violations of antitrust provisions that regarded the organization, nor are there any orders issued by other regulatory authorities. EI Towers has promptly transmitted the aforementioned semi-annual reports

to the Italian Antitrust Authority, and no infraction proceedings have been initiated to date. The Company has publicly disclosed, on its Internet site, the standard contractual terms and conditions, the price lists, and the business conditions to be applied to national television companies broadcasting on digital terrestrial frequencies, in conformity with the commitments imposed by the authority. On 14 July 2017, the Court of Milan closed out the proceedings initiated in 2015 by the Public Prosecutor of Milan with respect to the pro-tempore directors of EI Towers for allegations of the circumstances set forth in Article 185 of the Consolidated Law on Finance in relation to the exchange and tender offer on Rai Way S.p.A. promoted in February 2015.

ORGANIZATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/01

As a part of the Internal Control and Risk Management System, the EI Towers S.p.A. and the main subsidiary, TowerTel S.p.A., have adopted the Organizational, Management and Control Model provided by Legislative Decree No. 231/01 (herein-

after, also the “231 Model” or the “Model”), in relation to criminal liability within businesses, as most recently updated in July 2017¹. In addition to the provisions of the decree, the decision to prepare the Model was made based on the firm conviction that Model can represent a valid tool to raise the awareness of all interested parties regarding the implementation of proper and standardized practices and behaviour and how such practices and behaviour need to be applied to job activity. Accordingly, the 231 Model aims to foster a business culture focusing on control, the respect of the law, transparency, and the respect of the ethical principles promoted by the Group.

The Model was prepared by considering Legislative Decree No. 231/01, the guidelines of the General Confederation of Italian Industry (Confindustria) on the subject, and the specific internal-control and corporate-governance initiatives already implemented by the Group. The Model considers the criminal acts contemplated

¹ The updating concerned the new cases of *medeo tempore* crime introduced in the series of crimes provided by Legislative Decree No. 231/01, in relation to: the crime of money-laundering (Article 25-octies of Legislative Decree No. 231/2001); the modifications made to existing crimes already provided by Law No. 69/2015 (“Anti-corruption Law”); and Law No. 68/2015 (“Eco Crimes Law”). The Model likewise incorporates the new regulations regarding corruption between private parties in accordance with Legislative Decree No. n. 38/2017, which went into effect in April 2017.

by Legislative Decree No. 231/01 referable to EI Towers, because of its organization and the nature of its activity.

To ensure the due conditions of integrity and transparency in conducting business activities, the 231 Model identifies the following critical activities: the mapping of the Group’s risk areas in terms of the potential commission of crimes, the prevention of such risks through the adoption specific procedures and/or behavioural guidelines, and the verification of the risk processes. In line with the best practices on the subject, the 231 Model specifically references, for each of the various risk areas identified, the organizational measures implemented by the Group to neutralize or, in any event, to contain the risks identified. The periodic and regular evaluation of the Model’s effectiveness is assured through continuous monitoring and control activity, and the consequent integration and amendment of the rules of conduct and procedures referring to the Model, which are integrated with the principles set out by the Ethics Code.

As provided by Legislative Decree No. 231/01, the Model incorporates appropriate disciplinary measures to deal with any violation of the Model as well as any breach of the Ethics Code. The disciplinary measures are provided not only as a tool

for responding to possible violations, but also as a guarantee of a certain degree of solidity in the trust-based relationship established with the employees and the freelance professionals working with the Group on a regular basis. In addition, as part of the implementation of the provisions of Legislative Decree No. 231/01, the Model provides for the appointment of an internal oversight and control body (hereinafter, also “IOCB”), a board consisting of three members, two of whom are from outside the Group. With specific responsibilities of complying with Legislative Decree No. 231/01 and entirely dedicated to this activity, the IOCB operates in a completely independent manner, with managerial and economic autonomy. Supported mainly by the Internal Audit unit, the IOCB is authorized to make use of other company departments, when necessary, and external consultants, if applicable, when overseeing the application and observance of the 231 Model adopted. The IOCB periodically reports to the corporate governance bodies.

To assure the complete effectiveness of the Model, EI Towers provides for the full disclosure of the principles and provisions thereof, using procedures and media to ensure an effective understanding of the Model. In particular, the holding compa-

ny has provided that the Model is to be delivered to all interested parties, and it has published the Model on the corporate website and the corporate intranet. As in the case of the Ethics Code, compliance with the 231 Model is also required in the case of third parties maintaining supplier relationships with EI Towers. Non-compliance with the related provisions can constitute a default of the contractual obligations assumed.

In addition to corporate communications and disclosures, EI Towers has mandated specific training to promote an understanding of Legislative Decree No. 231/01, as well as the principles and the contents of the Model and the Ethics Code as in effect from time to time. The training may be conducted through classroom sessions and/or remotely (e-learning). In both cases, the trainees are given a final test so that EI Towers can verify the level of comprehension, and, if need be, undertake other initiatives. For additional information about the 231 Model training, reference should be made to the “Training and Development” section of this document. Finally, it is noted that the Internal Audit unit completed the activity of “crime-risk” mapping for the subsidiary, Nettrotter S.r.l., in 2017, in accordance with Legislative Decree No. 231/01.

ETHICS CODE

The EI Towers Group is convinced that ethics in doing business represent a necessary condition for the success of the business, by promoting a work environment oriented toward respect, integrity, and cooperation, in which employees and freelance professionals are actively involved and made accountable.

The Group operates its business in accordance with the principles of fairness, propriety, responsibility, freedom, the dignity of the person, and respect of diversity, rejecting any form of discrimination based on gender, race, language, personal and social conditions, religious beliefs, or political preferences. As the basis of the Group's activity, these principles are enunciated in the Ethics Code (most recently updated on 25 July 2017², which has been adopted by all Group companies. The Ethics Code represents a fundamental component of the Organizational Model pursuant to Legislative Decree No. 231/01, and it is an integral part of the overall organizational

² On 25 July 2017, the Board of Directors updated the Ethics Code, including in view of recent regulatory changes affecting the rules governing corruption between private parties (Legislative Decree No. 38/2017), and those regarding market abuses. The update serves to emphasize the value of trust-based obligations, including in private business practices, and it references the principles of transparency and propriety in financial transactions and relationships with investors.

and control system. Through the Ethics Code, EI Towers not only intends to ensure the propriety of its business and the reliability of management, but the code is also a tool to contribute to representing a more appropriate image of the Group within the overall socioeconomic framework in which it operates. The principles and values contained in the Ethics Code constitute, therefore, a fundamental point of reference for the Group's future strategies in the area of sustainability.

After initially introducing the EI Towers Group Ethics Code in 2012, the Board of Directors has reformulated and implemented its fundamental ethical principles in past years. These principles are binding on the Group's directors, unions, employees and freelance professionals, and they have also been conveyed to all third parties who operate under an EI Towers' mandate or who have stable or temporary relationships with the Group.

The provisions of the Ethics Code regard both business conduct (control and corporate transparency, business relationships, antitrust matters, and relationships with suppliers and government institutions), and the protection of individuals, occupational health and safety, and environmental protection. The provisions contain

exemplary specifications of the general obligations of diligence, propriety, and fairness that apply to job performance, behaviour in the workplace, and business conduct.

The Ethics Code is binding on all persons who work with EI Towers as employees or freelance professionals. It is transmitted to all members of the corporate governance bodies, full-time employees and freelance professionals of all companies of the Group. In addition, EI Towers ensures the dissemination of information about the provisions of the Ethics Code and their application to all interested parties, so that the employees, the directors and anyone working for the Group can carry out their activity and/or their mandate in accordance with the continuous and strict observance of the principles and values contained therein. Supplier contracts, collaboration contracts, and in general, contracts providing for business relationships with the Group contain an explicit reference to respect of the Ethics Code. Non-compliance with the contractual provisions referring to the Ethics Code can constitute a default of the contractual obligations assumed. The significance and the effectiveness of the Ethics Code are substantiated by the provision for specific sanctions in the event of any violation.





CONFLICTS OF INTEREST AND THE FIGHT AGAINST CORRUPTION

The provisions of the Group's Ethics Code and the Organizational Models pursuant to Legislative Decree No. 231/01 (currently for EI Towers S.p.A. and Towertel S.p.A.) are designed to prevent and to manage possible conflicts of interest. Such Organizational Models make reference to specific organizational guidelines (OGL) that describe both the business processes and the operating procedures that regulate those processes, thereby serving as specifications of the principles of conduct and core values endorsed through the Ethics Code.

For example, considering the specific nature of the Group's business, specific OGL are provided for the proper management of relationships with the public administration. In relation to any interests that may be held by the directors of the Company (and of the Group), and without prejudice to the application of the provisions of the Procedures for Transactions with Related Parties and the compliance with Article 2391 of the Italian Civil Code, the Board of Directors has established that the director

must provide comprehensive disclosure to the other directors and to the Board of Statutory Auditors about any interest, including a potential interest, that, for the director's own account or the account of third parties (regardless of a situation of conflict), regards a specific transaction, specifying its nature, terms, origin, and impact. Should the transaction involve a Chief Executive Officer, the director must likewise refrain from carrying out the transaction.

With reference to the fight against active and passive corruption, the Group is committed to complying with the applicable national and international laws and regulations, including through the adoption of the Organizational Models pursuant to Legislative Decree No. 231/01. Such Organizational Models include provisions referring to crimes of corruption, and they make reference to specific OGL that govern the business processes and the related organizational procedures to prevent the commission of crimes provided by the decree, including concerning corruption. All areas of risk activity and the organizational units are subject to the controls and the audit activities defined by the Organizational Models pursuant to Legislative Decree No. 231/01, and all full-time employees are involved in specific

training about the Models. With respect to the issue of control, the Internal Audit unit carried out specific audits during the year regarding a range of processes, including: the management of purchases of goods and services; the management of compliance concerning procurement contracts; surface rights and leases of public land; and the management of formalities for obtaining and renewing authorizations, licenses, concessions, and permits granted by the public administration.

With a view toward continuous monitoring and adjustment, the Internal Audit unit also carried out a "231 risk assessment" in 2016, which was a preparatory step to the updating of the Organizational Model, including in relation to the changes made to existing crimes pursuant to Legislative Decree No. 231/2001 introduced by Law No. 69/2015 ("Anti-corruption Law"). The results of the assessment evidenced that the impact of such changes was not substantial concerning the body of documentation maintained pursuant to Legislative Decree No. 231/01, since the control procedures were deemed sufficient to mitigate the related risks. Nevertheless, EI Towers continues to focus on the findings reported, including with a view toward possible changes in its corporate governance.



03

ECONOMIC RESPONSIBILITY

3.1 ECONOMIC PERFORMANCE

With its nationwide presence, its relationships with leading networks in the sector, and its capacity to offer integrated services, EI Towers maintains significant growth expectations.

In recent years, EI Towers has pursued its external growth strategy by completing various acquisitions of companies and assets which have brought the number of sites managed to nearly 3,400.

Due in part to its full-service contracts and medium-/long-term hosting contracts on transmission stations, EI Towers' activities are not subject to seasonal factors and are relatively unrelated to the economic cycle.

In addition, the service offered by the Group is particularly critical for the customers, since it is essential for signal transmission.

Therefore, in the face of a persistent downturn in the Italian economy in recent years, the Group has continuously been able to increase profitability, partly due to the completion of various acquisitions and the containment of operating costs.

Sales and services revenues amounted to €262.9 million in 2017, rising by 4.5% over 2016, partly due to the acquisitions made during the year.

EI TOWERS GROUP: KEY ECONOMIC AND FINANCIAL DATA

(in € mn)

KEY ECONOMIC DATA (IN € MN)	2017	2016(*)
Revenues	262.9	251.5
EBITDA(**)	131.1	119.6
Net income	54.4	44.4
KEY FINANCIAL AGGREGATES (IN € MN)	2017	2016(*)
Net invested capital	812.0	780.3
Shareholders' equity	494.2	637.8
Net and financial position	(317.7)	(142.6)

(*) RESTATED

(**) Corresponds to the difference between revenues and operating costs, gross of nonmonetary costs related to depreciations, amortizations and write-downs (net of possible revaluation) of current and non-current assets.

3.2 DISTRIBUTION OF ECONOMIC VALUE GENERATED

Economic value generated is an aggregate representing the wealth produced by the EI Towers Group, which is distributed to various stakeholders in different forms.

The data concerning the creation and distribution of economic value supply a primary indicator of how the Group has created wealth for its stakeholders, and they provide evidence of economic benefits produced by the enterprise management.

Such benefits are directly distributed among the main categories of stakeholders with whom the Group maintains and pursues medium-/long-term relationships: suppliers, human resources, lenders, shareholders, the public administration, and the community.

During 2017, the economic value generated by the EI Towers Group (€263,980,000) was distributed as follows:

- Value distributed to suppliers (e.g. costs for raw materials, costs for services, etc.): €124,503,000;
- Remuneration of personnel, represented by employee salaries and wages: €44,378,000;
- Remuneration of the financial system, mainly consisting of financial charges: €13,709,000;
- Remuneration of the public administration, mainly in the form of taxes: €29,474,000;
- Remuneration of the community, consisting of donations made by the Group: €9,000.

DISTRIBUTION OF THE ECONOMIC VALUE GENERATED BY THE EI TOWERS GROUP

(in € 000's)

DISTRIBUTION OF THE ECONOMIC VALUE GENERATED (IN € 000's)	2017	2016
Economic value generated by the Group	263,980	253,307
Economic value distributed by the Group	212,073	211,495
Remuneration: suppliers	124,503	127,671
Remuneration: financial system	13,709	9,994
Remuneration: personnel	44,378	43,067
Remuneration: community	9	6
Remuneration: public administration	29,474	30,757
Economic value retained by the Group	-2,536	-2,546
Remuneration of the Company	54,443	44,358

3.3 INDIRECT CONTRIBUTION TO LOCAL COMMUNITIES

Most of EI Towers' investments in Italy regard the construction and the maintenance of vertical infrastructures necessary for broadcasting radio-television, radio, and telecommunications signals. As electronic communications infrastructures, the Group's installations are classified by prevailing laws and regulations as "primary-urbanization and public-utility works."

Italian law classifies this type of infrastructure as a primary asset, typical of all public services, including, for example, sewage services, electricity transmission lines, roads that are essential to living conditions in the country, and other types of services.

In the case of EI Towers, the radio-television and mobile telecommunications signal transmitted by the plants makes a vital public-utility service available to, and for use by, the public. In specific cases, it is the local governments that actually apply to use these services.

The public interest value of this service is also substantiated by the applications received from individual users and various

administrations, which solicit the service delivery and the coverage of the area involved.

Through its 14 regional offices across the nation, the Group contributes to the socio-economic development of different areas of the country, including medium- and small-sized cities. In addition, the distribution of the transmission infrastructures in all regions implies a necessary working relationship with the local entities present at the sites.

As a rule, the Group relies on local suppliers and contractors, especially for infrastructure maintenance; with this approach, it is possible to optimize costs, to reduce the time required for corrective actions in the event of malfunctions, and to work with counterparties who are familiar with the local area, with consequent direct positive impacts on the local economies.



04

BUSINESS RESPONSIBILITY



4.1 SERVICE QUALITY AND SECURITY

The EI Towers mission has long contemplated the objective of ensuring the integrity, quality and security of the service offered, for both customers and final users. For this reason, the Group is committed to preventing service disruptions as well as controlling the proper functioning of the equipment to guarantee high quality standards.

The Group has undertaken many actions and investments for this purpose, including, for example, restructuring works, the securing of vertical elements or buildings on the ground, and infrastructure upgrades to raise the level of security in transmission activities, considering that the contents transmitted are often “unique” since they are broadcast live.

In addition to ensuring a high qualitative level nationwide, the Group is also committed to properly delivering the maintenance services offered to the customers. The Enterprise Risk Management process has identified the risk of having a

network infrastructure unable to guarantee the levels of service available from the standpoint of reliability; such risk has been managed with a medium/high level of effectiveness and efficiency, including in consideration of the architecture on which the infrastructure is based, the use of high availability systems, and the redundancy of the equipment.

The territorial managers carry out preventive planning activities which are based on a standardized process to limit possible network malfunctions, and also generally provide an operating margin for tackling any emergencies. In addition, preventive maintenance is carried out appropriately on various types of equipment, and it plays a critical role mitigating the risk of non-availability of the service, due to its precautionary nature.

The Trouble Management (Remedy) System is regularly used for managing activity linked to the proper maintenance of the service level (problem identification,

assignment of maintenance work, etc.), and it adequately supports the maintenance teams in their activity of signal restoration across the market. In general, the quality control of transmission activity is an essential activity in mitigating the risk of interference resulting from third-party activation of frequencies.

The monitoring process put in place is structured to prevent critical situations and to ensure the proper functioning of the network infrastructures, and the quality controls of the signal are aimed at both reducing any signal malfunctions and facilitating timely intervention on the part of the maintenance teams in the field.

Finally, parts of the maintenance activity are carried out by local maintenance personnel who are familiar with the local area and can ensure more timely intervention in the event of a service disruption.

«The EI Towers mission has long contemplated the objective of ensuring the integrity, quality and security of the service offered, for both customers and final users. »

4.2 TECHNOLOGICAL INNOVATION

During 2017, the Group continued the pursuit of its research and development activity, with a particular focus on aspects related to: the management of both the contribution networks and the transmission of television signals; digital terrestrial television (DTT) and the related new broadcasting developments (Digital Video Broadcasting-Second Generation Terrestrial (DVB-T2)); and the design and construction of a network dedicated to the Internet of Things (IoT).

CONTRIBUTION NETWORKS AND TRANSMISSION OF TELEVISION SIGNALS

Following are some of the ongoing activities in 2017:

- evaluation of audio/video compression devices in HEVC technology and transmission equipment for the contribution and broadcast of sports events in UHD standards;
- evaluation, through appropriate proof-of-concept tests, of the radio-link transmission architectures and equip-

ment in IP technology, for the technological upgrading of the distribution networks;

- drafting of the technical specifications related to different types of radio-link distribution network equipment to be used in the transition to IP technology;
- analysis and participation in field trials concerning the development of alternative systems to network synchronization, currently implemented through GPS;
- continuation of the evaluation of the test/monitoring equipment necessary for understanding the proper functioning of the network infrastructure.

DIGITAL TERRESTRIAL TELEVISION (DTT) AND NEW DEVELOPMENTS IN DIGITAL TERRESTRIAL BROADCASTING (DVB-T2)

In managing the head-end systems for DTT, the Group carried out its usual activities regarding the modification and definition of the DTT multiplex configurations, and it also pursued benchmarking


activity to oversee the development of head-end equipment that is currently being produced by leading vendors in the sector. The activities linked to the DVB-T network designed and developed for the Cairo Communication Group made an important and significant contribution. In addition, the Group continued activities focusing on:

- analysing the equipment available for DVB-T2 generation, transmission and broadcasting, and evaluating the system aspects related to their use, and the verification of interoperability between different manufacturers' equipment;
- characterizing the means for transmitting T2-MI signals within the existing network infrastructure, with particular attention to the transmission of these signals in Single Frequency Network mode.

INTERNET OF THINGS

With the incorporation of the company, Nettrotter S.r.l, in 2016, the Group embarked on the design and development of an IoT network in Italy. The implementation of this project was continued





in 2017 with the aim of supplying a vast array of services to potential customers. The Group aspires to be a key player in this specific sector, particularly in the Low-Power Wide-Area (LPWA) segment, thereby contributing to the nation's technological development and facilitating the start-up of new media and development possibilities in the IoT world.

This technology offers the possibility of creating new products and services with a value not only for customers, but also for government institutions, the public at large, and businesses.

Working in partnership with the Milan Politecnico through the Internet of Things Observatory, Nettrotter is also active in promoting and implementing the most immediate use-cases that can benefit from the IoT, including water metering, in-home assistance, environmental measurements, the geolocation of vehicles, animals and persons, and personal and building security.

With regard to these areas of application, Nettrotter is at the forefront in supporting technological solutions that entail less energy consumption and lower costs, so as to offer services that provide growth opportunity and create added value for the user.

Following are some of the areas of particular interest to Nettrotter:

- agriculture and the environment;
- the creation and development of smart cities, through intelligent use of energy and the employment of the maximum possible amount of renewable energy sources;
- sustainable supply-chain solutions, through the monitoring of the entire procurement process and smart companies and warehouses;
- energy and utilities.

Finally, it is noted that Nettrotter's activities benefit from the mutual exchange with the EI Towers Group core business units. Through this working relationship, the subsidiary has gained more insight about the characteristics of the system and radio coverage, so as to optimize the network project, including the scaling of the base radio stations necessary and their number and geographic positioning.

4.3 CUSTOMER RELATIONSHIPS

Supported by efficiency of the services offered, EI Towers' continuing relationships with leading customers extend to the interpretation of changes in the customers' businesses, thereby contributing to the possible ways in which EI Towers can anticipate or create the conditions to optimize its position within the array of new technologies available and invest in areas of future interest for the customers.

The services supplied include solutions that go beyond a tower company's typical offering of hosting and maintenance.

The Group is committed to accompanying the customer from the very start of the process: from the most suitable site selection to the assessment of coverage needs, to the activity of testing and commissioning the transmission equipment.

With a view toward offering an efficient service, EI Towers conducts site visits and feasibility analyses to verify the status of its infrastructures and to ascertain any problematic issues, such as contractual aspects and the rights to the use of the site.

The Group also manages relationships with the public administration for the account of the customers. In addition to

routine and first-response maintenance, EI Towers ensures corrective maintenance of its customers' systems when requested or in cases where routine or first-response maintenance identifies the need for spot work.

4.4 PROTECTION OF PRIVACY

With regard to the issue of the protection of privacy, EI Towers ensures the secure processing of employee and customer data, with the same approach applied in the case of landowners and lessors, whether physical persons or companies. With regard to the matters governed by Legislative Decree No. 196 of 30 June 2003 ("Code for the Protection of Personal Data"), in recent years, the Group has undertaken a process to update and

develop the privacy management system and to implement a dedicated portal. More specifically, during 2016, the Group carried out an operational assessment about the organization of the privacy system, creating a special portal with a repository function, on the basis of which each individual type of information can be used with an identity data source. Key data for employees and the names of the

various managers responsible for the data processing are available on the portal.

In 2017, the Group made further strides in the process to update and develop the privacy management system, including through initiatives to train the managers and the staff responsible for the data processing and the management of the dedicated portal.

In view of the implementation (as of 25 May 2018) of the new General Data Protection Regulation (GDPR), EU Regulations No. 2016/679, which will supersede the current regulations on the subject matter, in 2017, the Group initiated a programme of activities aimed at ensuring compliance with the regulations within the terms provided. This programme is ongoing.



4.5 RESPONSIBLE SUPPLY-CHAIN MANAGEMENT

Within the EI Towers Group, the procurement of goods and services is governed by specific organizational guidelines (OGL), which not only indicate the general principles adopted by the Group for responsible management of the supply chain, but also contemplate efficient planning in the management of purchases.

The OGL provide for the segregation of responsibilities between: (i) the determination of the needs, (ii) selection and certification of the suppliers and procurement of the goods and services, (iii) certification of the service rendered or goods received, and (iv) payment.

The OGL also define the sphere of responsibility of the Purchasing Department by listing the types of procurement that the department manages. Several specific types of goods and services (such as satellite connections, leases payable, and certain management consulting services) are the responsibility of the other company departments.

The Group prepares a vendor list each year that includes more than 3,000 suppliers. In the case of suppliers used by the Purchasing Department, the OGL provide for an accreditation procedure and the monitoring over time to mitigate the risk of purchasing goods and services from

unreliable suppliers or suppliers who do not meet the requisites provided by the law. The Group maintains a list of suppliers with "criticalities" that tracks any problematic issues or issues of non-compliance with respect to each supplier and makes it possible to manage the selection process more effectively.

Suppliers are screened in advance both in relation to their business and financial situation, and the absence of any detrimental factors that might compromise the position of the Company, shareholders, and the members of the Board of Directors and the Board of Statutory Auditors. Instead, company size is not a priority factor, since the EI Towers tenders are open to the participation of both national companies and small local businesses, based on the specific services/ goods required.

In addition to their acceptance of the EI Towers Group Ethics Code, the suppliers use must also provide specific documents and keep them updated, including, for example, the Single Insurance Contribution Payment Certificate ("DURC") and the Criminal Records Certificate. During 2017, the Group's Purchasing Department qualified 45 new suppliers, all of whom were also evaluated based on their acceptance of the Group's Ethics Code.

In general, procurement is done almost exclusively through Italian suppliers, and in the cases of specific equipment produced abroad, through the use of the official national distributors. More specifically, Italian suppliers accounted for 92% of the costs and investments related to purchases for the year of 2017. Where possible, and based on specific needs, the Group makes use of local suppliers operating near the locations where the services are required.

In particular, local suppliers are mostly used for maintenance, cleaning, general services for the regional offices and the stations, and satellite links from locations serving as the base for the news and sports services managed by EI Towers. Finally, it is noted that EI Towers evaluates and uses suppliers selected jointly with the Mediaset Group for certain types of purchases.

SUBDIVISION OF THE COSTS AND INVESTMENTS FOR PURCHASES OF GOODS AND SERVICES BY SUPPLIER GEOGRAPHIC AREA

(in € 000's)

COSTS AND INVESTMENTS (IN € 000's)	2017			2016		
	ITALY	FOREIGN	TOTAL	ITALY	FOREIGN	TOTAL
Costs for raw materials, supplies and accessories	2,163	95	2,258	2,613	191	2,804
Costs for services	40,179	1,160	41,339	41,131	1,243	42,374
Costs for rentals	33,393	6,367	39,760	32,422	8,812	41,234
Other operating expenses	351	0	351	356	6	362
Totale costs	76,086	7,622	83,708	76,522	10,252	86,774
Fixed assets	31,609	1,544	33,153	27,363	106	27,469
Total investments	31,609	1,544	33,153	27,363	106	27,469
Total costs and investments	107,695	9,166	116,861	103,885	10,358	114,243

The selection of suppliers for specific contracts can involve both suppliers already certified and registered in the system, and external suppliers not yet certified. The Group is now implementing a new procurement-management platform that

will be able to manage the process more effectively and efficiently. Among the system's new features, there is a subdivision of suppliers by product/service categories to which specific documentation requests are applicable.

The Group's Legal Affairs Department is standardizing the procurement contract formats and keeping them updated with reference to compliance with laws and regulations.



05 SOCIAL RESPONSIBILITY

The Company has clearly defined the set of values that the EI Towers Group recognizes, accepts, shares, and pursues with respect to its resources, endorsing them within the Ethics Code.

Key among these are the principles aimed at the respect and protection for the individual, as well as those related to occupational health and safety.

In particular, the HR management policies are oriented toward emphasizing the value of the personal and professional capacities of each individual, in a work environment where any form of discrimination or harassment is unacceptable.

The Group promotes equal opportunity, with reference to the job conditions and prospects, training, development, and the professional growth of every worker.

5.1 PEOPLE AT THE EI TOWERS GROUP

With its activity exclusively concentrated in Italy, the EI Towers Group recognizes that stable, long-term employment is a significant and fundamental aspect of employee motivation and an element essential to the Group's growth and business development over the long term.

As substantiation of such considerations, the Group's workforce at 31 December 2017 consisted of 557 employees (all in Italy), including 553 hired through contracts without a termination date and only 4 employees hired with a term contract (2 men and 2 women).

With reference to the contract without termination, 542 employees have a full-time contract (including 455 men and 87 women), while 15 employees have a part-time contract (including 3 men and 12 women).

It is noted that almost all of the Group's activity is carried out by the employees in Italy, while the use of freelance professionals is limited to specific activities.

In line with 2016, the Group's senior managers in 2017 were all sourced locally, with the 21 executives (20 men and 1 woman) all hired in Italy and Italian nationals.

DISTRIBUTION OF EMPLOYEES BY CONTRACT TYPE (FULL-TIME W/O TERMINATION AND FULL-TIME W/TERMINATION) AND GENDER

at 31 December (number of employees)

NUMBER	2017			2016		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full-time without a termination date	456	97	553	459	100	559
Full-time with a termination date	2	2	4	2	0	2
Total	458	99	557	461	100	561

DISTRIBUTION OF EMPLOYEES BY EMPLOYMENT TYPE (FULL-TIME AND PART-TIME) AND GENDER

at 31 December (number of employees)

NUMBER	2017			2016		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full-time	455	87	542	458	92	550
Part-time	3	12	15	3	8	11
Total	458	99	557	461	100	561

During 2017, the Group hired 9 new employees, with a new-hire rate of 1.6%, while the number of employees leaving the Group amounted to 13, for a turnover rate of 2.3%.

DISTRIBUTION OF EMPLOYEES: INCOMING, OUTGOING, AND TURNOVER RATE BY GENDER AND AGE BRACKET

(number of employees)

NUMBER	2017					2016				
	<30	30-50	>50	TOTAL	TURNOVER %	<30	30-50	>50	TOTAL	TURNOVER %
	INCOMING									
Men	2	2	1	5	1.1%	0	1	1	2	0.4%
Women	1	3	0	4	4%	0	1	1	2	2%
Total	3	5	1	9	1.6%	0	2	2	4	0.7%
Turnover %	50%	2.4%	0.3%	1.6%		0%	0.9%	0.6%	0.7%	
	OUTGOING									
Men	0	3	5	8	1.7%	0	2	10	12	2.6%
Women	0	0	5	5	5%	0	0	2	2	2%
Total	0	3	10	13	2.3%	0	2	12	14	2.5%
Turnover %	0%	1.5%	2.9%	2.3%		0%	0.9%	3.6%	2.5%	

5.2 DIVERSITY AND EQUAL OPPORTUNITY

The EI Towers Group is committed to offering equal job opportunities without discrimination with respect to ethnicity, gender, age, personal and social conditions, religious beliefs, or political preferences, and to ensure its employees are treated equitably on the basis of merit.

In particular, EI Towers has put procedures in place to ensure that its employees are not subject to any constraints in career development and training that are a result of gender differences.

At 31 December 2017, the distribution of Group's total workforce by gender was: 82% men and 18% women. This gender imbalance is mainly due to the nature of EI Towers' business, which is mostly concentrated on the maintenance of plants and stations distributed across the national territory.

This type of service has historically been delivered mostly through the employment of male workers. Nevertheless, it is noted that the administrative staff is represented by a higher number of women (57%) than men (43%)³.

Some 37% of the total workforce consists of employees between the ages of 30 and 50, while 62% refers to the 50-or-over age category and 1% is below the age of 30.

³ The administrative staff includes executives, middle managers and office workers in the "operations division" of the workforce.

DISTRIBUTION OF EMPLOYEES BY POSITION AND GENDER

at 31 December (number of employees)

NUMBER	2017			2016		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	20	1	21	21	1	22
Middle managers	53	9	62	49	8	57
Clerical staff	385	89	474	391	91	482
Total	458	99	557	461	100	561

DISTRIBUTION OF EMPLOYEES BY POSITION AND AGE BRACKET

at 31 December (number of employees)

NUMBER	2017				2016			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Executives	0	8	13	21	0	10	12	22
Middle managers	0	21	41	62	0	20	37	57
Clerical staff	6	177	291	474	4	197	281	482
Total	6	206	345	557	4	227	330	561



In terms of its focus on diversity, EI Towers believes in the ethical values of social responsibility and attention to others.

For example, EI Towers employs a Type B social cooperative for cleaning services to offer a secure alternative to those individuals who have trouble in finding jobs due to psychological or physical disabilities, social emargination, or other types of hardship; this initiative is also partly linked to the provisions provided by Legislative Decree No. 276/03.

It is also noted that EI Towers has employed 46 individuals (41 men and 5 women) who belong to the so-called “protected categories”.

Given the nature of its activity and considering the operating and regulatory framework in which it does business, the Group is not exposed to any significant risks for violating either human rights (e.g. forced labour and employment of minors) or the rights to the freedom of association and collective bargaining for the employees of the Group.

With reference to the enjoyment of the parental leave, it is noted that a total of seven employees (six women and one man) benefited from such leave during 2016.

NUMBER OF EMPLOYEES BELONGING TO PROTECTED CATEGORIES, CLASSIFIED BY POSITION

at 31 December (number of employees)

NUMBER	2017			2016		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	0	0	0	0	0	0
Middle managers	2	1	3	1	0	1
Clerical staff	39	4	43	37	2	39
Total	41	5	46	38	2	40

Instead, in 2017, six employees took parental leave, all of whom were women.

Two of these employees are still on leave, while the other four returned to work⁴.

⁴ The data about the enjoyment of the parental leave consider the Group's employees who have made use of mandatory and optional parental leave for a continuous period of at least seven days during the year.

5.3 WORKER WELL-BEING, COMPENSATION SYSTEM AND INDUSTRIAL RELATIONS

EI Towers places a particular emphasis on the development, treatment, and well-being of its human resources, making use of continuous training programmes, adopting a merit-based compensation policy, and organizing periodic meetings with company executives and department heads for personnel performance evaluations.

As part of the corporate welfare policies, EI Towers takes part in specific initiatives set up by the Mediaset Group, with the objective of ensuring employees can enjoy a better work-life balance and consequently improve the quality of their lives. Following are some of services and benefits offered to all employees:

- A health insurance policy for office workers, middle managers and executives;
- An accident policy for occupational accidents and accidents outside of work;
- Pension fund as a supplement to the mandatory public pension system, with company contributions (Mediafond) and the Previdai Fund for executives;
- Specialist physician appointments for doctors working under contract, for office workers and middle managers, and

a programme for the annual health check-up of all employees;

- The optional use of the Mediacenter, a space dedicated to personal-care and family-management initiatives that includes: a bank, a bookstore, a travel agency, a mini-market, a fitness centre, a medical centre, food and beverage outlets (bar, a sandwich shop, and restaurant), laundry services, and a shopping area;
- Tax advisory services for preparation of personal income tax returns (Form 730);
- Flexible work schedules during the business day.

Compensation policies originate from an assessment carried out by management and the Human Resources Department based on the responsibilities of the tasks carried out and the principle of equity within the corporate organization.

EI Towers recognizes that the compensation package offered to its employees is an essential factor in staff retention. In particular, the compensation programme for the Company's personnel provides not only for a fixed salary, but also the

adoption of variable-pay mechanisms for the benefit of groups of employees, except for the Group's executives who participate in an annual management-by-objectives (MBO) incentive plan. The MBO incentive plan is designed to ensure a direct connection between remuneration and performance results, and it is aimed at rewarding the achievement of corporate and individual objectives as well as ensuring the level of attractiveness necessary to retain key resources.

The remuneration policy for executives with strategic responsibilities⁵, has the aim of strengthening values, capacities, and behaviour, aligning them with the business strategies, through the recognition of the responsibilities and critical aspects of the role covered, the results achieved, and the quality of the professional contributions, from the standpoint of competitiveness on the market. EI Towers considers the compensation policy as a fundamental mechanism for fostering the loyalty and motivation of key resources and for contributing to creating sustainable value for all stakeholders over the medium/long term. The overall remuneration structure

⁵ For additional information about the remuneration policy for directors and executives with strategic responsibilities, reference should be made to the 2018 Remuneration Report available on the corporate website (www.eitowers.it), Governance/Remuneration section.

provides for a balanced package of fixed and variable monetary and non-monetary components, aimed at underpinning the commitment, individual contribution, and alignment with the Company's strategic objectives. The overall positioning of compensation must be such as to ensure competitiveness in the market and equity within the corporate organization, including on a basis consistent with the performance levels indicated.

EI Towers' policies for managing union and industrial relations are based on a model of representation that addresses the need to cover the entire national territory. The union mix is structured within EI Towers National Delegation, which deals with personnel issues at a national level, and the Regional Unitary Union Representatives (RSU), which tackle questions relating to their respective territories. The Group's relationships with the unions are managed through continuous dialogue and discussion on the occasion of periodic meetings with union representatives at different levels (company, regional and national).

These meetings also serve to mitigate the risk of less-than-optimal management of union relationships, and possible consequent impacts on the business climate and achievement of business objectives.



The Company's communications regarding different issues (such as the organization of work and its changes, annual business performance, the trend of overtime, changes regarding professional classifications, and training) are conveyed through ad-hoc communications initiatives and formal communications.

In 2017, all employees of the EI Towers Group were covered by a national collective bargaining agreement. The office

workers and middle managers of EI Towers S.p.A. and Towertel S.p.A. are covered by the "Private Multimedia and Multiplatform Radio-Television Businesses" national collective bargaining agreement, the application of the Mediaset Group supplemental corporate agreement and/or specific union agreements that guarantee the maximum protection and treatment with respect to the law and the national collective bargaining agreement for the sector. Employees of the subsidiary, EIT Radio S.r.l., are

covered by the Metal-mechanical Workers (Confapi) national collective bargaining contract. Instead, the national contract for Executives of Companies Producing Goods and Services is applied to company executives.

Finally, it is noted that the relationships with the General Confederation of Italian Industry (Confindustria) are organized at two levels: a territorial level, through Assolombarda for issues regarding the

management of employment relationships and training, and a national level, with Confindustria Radio TV, monitored by the representatives of the Mediaset Group, for issues regarding national collective bargaining agreements.

5.4 TRAINING AND DEVELOPMENT

The EI Towers Group operates in a highly specialized sector, in which resource competence is indispensable for facing the market-driven challenges. For this reason, the HR management policy adopted by the Group aims at emphasizing the value of individuals, providing incentives for their professional growth and career development. The training, updating, and professional qualification of the workers have a strategic role in enhancing the value of EI Towers' human resources for the elevation of the corporate quality standards.

With the Enterprise Risk Management process, EI Towers has mitigated the risks of incompetent resources and an imbalance between the skills available and the business strategy, through a structured hiring process that begins from the selection and evaluation of the candidates. When hiring new employees, EI Towers is committed to providing adequate online training to the recruits regarding the Ethics Code of Group and the Organizational Model pursuant to Legislative Decree No. 231/01. The same approach is taken regarding the Privacy Disclosure Statement and worker health and safety.

In 2016, there were five employees (four office workers (women) and one middle manager (man)) who received training

about the 231 Model (and related issues of the fight against corruption) and the Ethics Code (which expressly references the respect of human rights).

Instead, in 2017, there were 10 employees who received the same training⁶ (1.8% of total personnel), including seven office workers (three men and four women) and

⁶ The 10 employees who received 231 Model and Ethics Code training in 2017 include nine employees hired during 2017 and one employee hired at the end 2016 who received the training during 2017.

three middle managers (two men and one woman), for a total of 10 hours of training. Such training has already been given to all other employees and executives (including executives who are directors) in prior years. With the updating of the 231 Model and the Ethics Code (discussed in the "Business Ethics and Integrity" section of this document), the Group has planned a new series of training programmes for all employees during 2018.

The training activities originate from a needs analysis, and they are developed by identifying (including with the involvement of the trainees) the programmes and instruments to be used for making improvements or changes to the organization. The courses are instrumental in ensuring that the personnel is continually trained according to both the Company's needs and ongoing changes in technology.

NUMBER OF HOURS OF TRAINING, AVERAGE ANNUAL TRAINING PER EMPLOYEE BY JOB CATEGORY

(number of hours and average hours)

PROFESSIONAL CATEGORY	2017						2016	
	MEN		WOMEN		TOTAL 2017		TOTAL 2016	
	NO. OF HOURS	AVERAGE HOURS	NO. OF HOURS	AVERAGE HOURS	NO. OF HOURS	AVERAGE HOURS	NO. OF HOURS	AVERAGE HOURS
Executives	189	9	0	0	189	9	78	4
Middle managers	578	11	192	21	770	12	366	6
Clerical staff	1,633	4	1,304	15	2,937	6	1,516	3
Total	2,400	5	1,496	15	3,896	7	1,960	3

The objective is to support the individual growth of the resources, while also improving professional skills in order to make employees more competent, motivated and capable of actively participating in the pursuit of the business objectives. As a rule, EI Towers develops its training initiatives at four different macro levels:

- Managerial training (courses and programmes to develop managerial skills);
- Professional training (technical courses to develop specialized skills);
- Regulatory compliance (occupational health and safety, Ethics Code, Legislative Decree No. 231/01 and anti-corruption, Privacy);
- Language training (individual language courses taught by mother-tongue instructors).

In 2016, Company employees received 1,960 total hours of training in these categories, with an average of three hours of training per year per employee.

In 2017, the hours of training were increased substantially, with the total amounting to 3,896, for an average of seven hours of training per year per employee. A substantial part of this training was

financed through EI Towers' participation in the Fondimpresa and Fondirigenti parity funds.

The Group has developed specific ad-hoc training programmes for certain professionals, which address the position covered and are designed for improving skills and developing specific relational capacities. In 2017, the Group expanded its high-level professional courses (for example, "Training Alcatel Nokia Edu", taught in English by training personnel from Nokia University, which involved employees assigned to the Network Operating Center), and it started up additional managerial programmes. The latter included the "Manager Training" course about specific themes, such as team management, motivational development of subordinates, leadership, delegation, problem-solving, and time management.

These training courses cover the skills required for the full and effective exercise of the managerial role. Another initiative is the ad-hoc course for procurement managers, which supplies the tools necessary for successfully managing contract negotiations, from both a technical and relational perspective. The plans for 2018 contemplate the continuation of managerial courses, the enhancement of technical skills through additional profes-

HOURS OF EMPLOYEE TRAINING BY TYPE OF TRAINING

(number of hours)

TYPE OF TRAINING	2017			2016
	TRAINING HOURS FOR MIDDLE MANAGERS AND CLERICAL STAFF	TRAINING HOURS FOR EXECUTIVES	TOTAL TRAINING HOURS	TOTAL TRAINING HOURS
Managerial and professional training	2,856	13	2,869	980
Regulatory compliance	851	33	884	866
Language skills	0	143	143	114
Total	3,707	189	3,896	1,960

sional training initiatives, the shoring up of language skills for executives, and the ongoing administration of courses about regulatory compliance. The latter category will include, for example, the following training: General/Specific Security 81/08 for new hires, refresher courses for the Worker Representatives for Security (RLS), first-aid and fire-prevention courses, and specialized courses for the personnel (ASPP) and managers (RSPP) charged with responsibility for the prevention of, and protection against, occupational risks.

Additional initiatives planned include: refresher courses on the subject of security for all employees, which are based on methods that combine exercises to develop knowledge about regulations with activities to promote team-building among the participants; and updates about Legislative Decree No. 231/01 and the EI Towers Group privacy management system in accordance with the new GDPR (EU Regulations No. 2016/679) with the involvement of all employees.

With further reference to training, the Group has established a bilateral commission (consisting of Group personnel and union representatives) for the purpose of optimizing the training processes and sharing responsibility for them. The commission is charged with: (i) monitoring the

training needs for the purpose of maintaining levels of professionalism consistent with the Company's organizational and productive development, (ii) formulating proposals for projects and procedures for the professional development of the human resources, with particular reference to changes in technology and issues regarding occupational health and safety, (iii) promoting, analysing and endorsing annual and periodic training projects and plans to be submitted to Fondimpresa to obtain financial support for the training, and (iv) developing periodic qualitative/quantitative analyses of the training activity effected.

With regard to career assessment, the Enterprise Risk Management process has indicated that the communication of objectives will ensure adequate management of the policy for defining and assigning objectives to employees and executives; such communication is handled by the Human Resources Department, with the input of the Company's top management.

RECRUITING POLICY

The EI Towers Human Resources Department has an ongoing commitment to maintaining and managing communications and relationships with the various company

departments, in order to: (i) ensure that the Group's workforce is qualitatively and quantitatively consistent with the Company's organizational needs and (ii) detect the hiring requirements.

This department identifies, seeks out, and selects the most suitable candidates from the standpoint of technical-professional skills and soft skills, with a preference for internal promotions, first, from within the EI Towers Group, and subsequently, from within the Mediaset Group. Should the profile sought not be available internally, the search takes place on the market to guarantee the qualitative suitability of the resources employed.

The assessment of the candidates contemplates the involvement of various employees and managers, in order to guarantee the most impartial and proper evaluation

of the candidates, and to look for the skills that the Company considers key for the achievement of the business objectives. The Human Resources Department works closely with the requisitioning departments to assure that the newly hired employees can successfully begin their jobs within the Group, overseeing all aspects of the resource integration process, including a welcoming and placement initiative, tutoring and coaching activity, and evaluation following a probationary period or placement.



5.5 WORKER HEALTH AND SAFETY

Given the technical nature of its main business activities, the EI Towers Group places a strong emphasis on accident and risk prevention and the protection of worker health and safety. For this reason, the Group undertakes to promote initiatives aimed at ensuring the safety of its employees, by minimizing risks and situations that could compromise their health. As stated in the Ethics Code, EI Towers recognizes the significance and centrality of employee health and workplace safety, which are not only fundamental rights of workers, but also conditions essential for the best job performance. The Group rejects any behaviour or activity that could lead to the exploitation, discrimination or degradation of the worker, and is committed to pursuing continuous improvement in its safety, prevention, and protection standards in the workplace.

To support its commitment to these issues, EI Towers allows and provides that all of its workers are represented through the Worker Representatives for Security (RLS), who interact with the managers responsible for the prevention of, and protection against, occupational risks (RSPP) and security specialists (who have positions similar to the employees responsible for the prevention of, and protection against, occupational risks (ASPP)).

The representatives are elected directly by the workers and have a function of representing all workers: the Group has established RLS positions both at the Lissone headquarters and in various local offices. All of these internal positions are dedicated to ensuring accurate compliance with laws and regulations in force, and a priority on compliance with Legislative Decree No. 81/08 and aspects related to the Organizational Model pursuant to Legislative Decree No. 231/01.

To support of these activities, EI Towers has adopted a Health and Safety Management System for Workers at Workplaces (SGSL), which is used by the Mediaset Group and incorporates the OHSAS 18001: 2007 certification criteria.

Working with the employees at the head office and in coordination with the area directors and the regional technical coordinators, the Prevention and Protection Service Office oversees and carries out the following activities:

- Risk assessment;
- Policies to reduce risk and resulting action plans;
- Management of residual risk;

- Definition and application of the healthcare surveillance protocols;
- Supply of personal and collective protective equipment;
- Control and audit.

As the Enterprise Risk Management process has indicated, the RSPPs, with the support of the Legal Affairs Department, continuously monitor the laws and regulations concerning occupational health and safety. Although the level of risk is limited to the specific structural characteristics of EI Towers' business (e.g. large number of stations and their distribution nationwide), the ERM process has substantiated sound coverage of these types of risk.

In addition, EI Towers places a particular emphasis on training specific to the subject matter, through an explicit training programme about the protection of worker health and safety, which involved 737 hours training and 106 participants in 2017.

With reference to injuries, there were eight accidents in 2017, all of which were minor, including five at the workplace and three involving employees on their way to/from work. On the other hand, there are

no cases of occupational disease, as there are no employees involved in the specific risk activities within the Group's operations. Personnel carrying out tasks requiring access to the stations in rural areas are provided with a specific, adequate level of equipment.

Through healthcare surveillance, adequate information, training, compliance with proper procedures, and the supply of appropriate personal protection equipment (PPE), EI Towers believes that the residual risks in this regard are governed, acceptable, and such that they do not present high risks of accident or illness.

EI TOWERS GROUP: NUMBER OF ACCIDENTS AND EMPLOYEE HEALTH-AND- SAFETY INDICATORS⁷

ACCIDENTS AND HEALTH-AND-SAFETY INDICATORS	2017			2016		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Accidents (no.)	8	0	8	6	1	7
At the workplace (no.)	5	0	5	3	1	4
On the way to/from work (no.)	3	0	3	3	0	3
Occupational illness (no.)	0	0	0	0	0	0
Lost Day Rate (LDR) ⁸	56.5	-	46.2	n.d.	n.d.	n.d.
Injury Rate (IR) ⁹	2.2	-	1.8	n.d.	n.d.	n.d.
Occupational Disease Rate (ODR) ¹⁰	-	-	-	n.d.	n.d.	n.d.
Absentee Rate (AR) ¹¹ (%)	4%	5%	4%	n.d.	n.d.	n.d.

7 This chart does not include the health and safety indicators regarding the financial statements 2016 since they're not comparable to the ones of the financial statements 2017 due to changes in the payroll time-reporting system which took place in 2016.

8 The lost day rate represents the ratio between the number of the days lost due to accidents and/or occupational disease and the total of the employable hours in the same period, multiplied by 200,000 (Source: GRI Standards 2016).

9 The injury rate represents the ratio between the number total of accidents and the total of the hours worked in the same period, multiplied by 200,000 (Source: GRI Standards 2016).

10 The occupational disease rate represents the ratio between the number of cases of occupational disease and the hours worked in the same period, multiplied by 200,000 (Source: GRI Standards 2016).

11 The absentee rate represents the percentage of total days of absence to the number of employable days in the same period (Source: GRI Standards 2016).

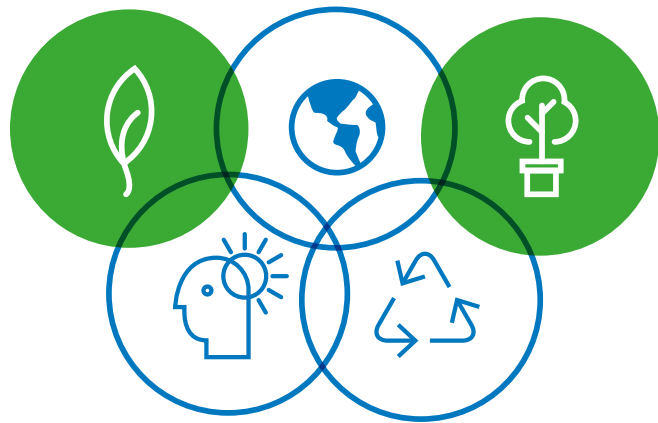
A close-up photograph of a human hand holding a single, clear water droplet just above a small, vibrant green seedling that is growing out of dark, rich soil. The background is a soft, out-of-focus green, suggesting a natural, outdoor setting. The lighting is soft and focused on the hand, the droplet, and the plant, creating a sense of care and nurturing.

06

ENVIRONMENTAL RESPONSABILITY

6.1 ENVIRONMENTAL IMPACT MANAGEMENT

«The EI Towers Group emphasizes the respect and the protection of the environment and the territory as the key aspects of any ethically responsible business activity»



The EI Towers Group emphasizes the respect and the protection of the environment and the territory as the key aspects of any ethically responsible business activity. In this regard, EI Towers is committed to carrying out its activities in compliance with legislative provisions and with a constant focus on information and cooperation with local authorities and communities.

As the Enterprise Risk Management activities have confirmed, the Group has been able to mitigate the risk of incurring penalties or provisions for non-compliance with the prevailing environmental regulations (regarding electromagnetic and/or acoustic emissions, environmental protection, station sites, and urban planning) through the monitoring activity carried out jointly by the network design managers and the Legal Affairs Department. Although the design activity represents one of the most strategic processes for properly managing environmental risk, the specialized support of the Legal Affairs Department has a central role in mitigating this type of risk, with particular reference to the possibility that the Group's operations may exceed the statutory limits imposed on the electromagnetic fields (generated by the emission of frequencies by the Group's customers) and noise pollution.

With further reference to this issue, the Ethics Code and the Organizational Model pursuant to Legislative Decree no. 231/01 dictate the general principles for respecting the environment and provisions aimed at preventing the risk of illegal activities. In addition, specific Organizational Guidelines govern the process and the organizational safeguards for environmental impact management..

TERRITORIAL IMPACT

EI Towers is committed to environmental protection during the construction of new infrastructures, which is carried out in compliance with the numerous prevailing laws and regulations for safeguarding the territory. In any event, even if mitigated, any new construction of telecommunications infrastructure will generate an impact on the local territory. A key aspect of this impact is represented by the building works, which include land excavation for the construction of the masonry works, the foundation plinth, and the tower support platforms. This excavation is limited to the work necessary, for both purely economic reasons and the general difficulty of operating in mountainous environments or near hills and ridges, where the Group's infrastructures are generally located. For example, in the case where the territory is subject to hydrogeological constraints,

the infrastructure cannot be built before having obtained authorization and, in some cases, the local authorities provide for the stabilization of water flows to ensure proper drainage.

In any event, when involved by local public administrations, the Group regularly participates actively in environmental remediation plans and territorial governance plans, aspiring to contribute to urban planning in the sector. Indeed, involvement in the planning of the infrastructures present or to be installed in the territory is a topic of interest to all industry participants.

With reference to the ecosystem and biodiversity, the construction of a new vertical infrastructure does not involve any introduction of invasive species (since the stations are structures mainly made of steel and concrete), does not lead to a reduction of local animal species, and does not alter the natural habitat or ecological processes (since the physical space used is minimal and does not alter the available space on the ground and in the sky).

There is also no environmental impact due to human activity since the infrastructures are operated without personnel, except for sporadic maintenance activities. Given that EI Towers' portfolio of plants is distributed nationwide, transmission sites

are frequently installed near protected areas or areas subject to environmental restrictions. For this reason, the Group places a particular emphasis on operating in compliance with the provisions that safeguard the territory, limiting and mitigating the impact on the ecosystem and biodiversity, according to the instructions given by the relevant public administrations. In this regard, any new construction or extraordinary maintenance project in a protected area is carried out only after having requested and obtained clearance and the necessary permits from the competent authorities.

Finally, it should be noted that the Group's specific business activity entails neither high consumption of water nor depletion of water resources. However, it is noted that the Group's total water consumption in 2017 amounted to about 13,000 cubic metres (equal to about 23 cubic metres per employee), due exclusively to normal sanitary use and the use of HVAC systems at the regional offices..

VISUAL AND LANDSCAPE IMPACT

With reference to the visual impact of the infrastructures, the Group operates in full compliance with current laws and regulations, and it works to eliminate any previous irregularities inherited as a result of the acquisition of stations constructed

by third parties. To the extent possible, the Group undertakes to limit the visual and landscape impact of the infrastructures, considering that adequate signal coverage requires transmission infrastructures of a minimum height, and that the size and height of the towers are determined by radio-electrical specifications dictating that the towers must be visible to the territory covered by the service and, consequently, that the vertical elements must be visible to the users. Nevertheless, in some cases, the public administrations are required to mitigate the impact of these infrastructures, mandating a colour for the towers (green or blue) that is different from the natural grey colour of galvanized steel.

At the same time, in some cases, the air navigation authorities require red-white colours so that aircraft can easily identify the infrastructures, and in the event of such request, such colours are mandatory. Instead, in the case of structures on the ground, the authorities generally require compliance with the standard at the site: in some cases, there are no requirements to mitigate the visual impact, while in other cases, the local authorities require stone or wood cladding, or the use of native flora. In any case, the Group undertakes to comply with these requests to the extent possible.

ELECTROMAGNETIC IMPACT

Concerning the specific issue of electromagnetism, EI Towers notes that it is a tower operator, namely, a party that merely provides the hosting of its customers' transmission equipment at the stations, and as such, it is not liable whatsoever for the emission of electromagnetic waves.

In light of this, EI Towers requires its customers, including through specific contractual clauses, to commit to complying with the sector's regulations and related indemnity provisions.

In complying with national legislation for the construction and conservation of electronic communications infrastructures (Legislative Decree No. 259/03), specific legislation on the subject (Law No. 36/01) and regional and municipal regulations, EI Towers places a particular emphasis on healthcare issues, undertaking to ensure, to the extent of its responsibility, that its stations do not have a negative impact on the health and safety of the workers who are involved in the installation and/or maintenance of the stations.

6.2 ENERGY CONSUMPTION AND EMISSIONS

In carrying out its business, the EI Towers Group uses various sources of energy within its organization, namely, natural gas, electricity and gas oil. In 2017, the Group consumed a total of about 326 TJ of energy, with about 88% of this total consisting of the electricity purchased for the offices and regional offices, and the operation of the transmission systems.

Electricity is used in all locations for internal and external lighting, while it also powers office equipment and the regional

network control centres (Venice and Bari) and the central control centre (Lissone). In some locations, electricity is also used to power HVAC systems and data centres.

Nevertheless, most of the electricity consumption (about 92%) takes place in the stations that host transmission systems, where a portion of electricity consumption refers to the air conditioning systems of some buildings used for the hosting equipment and the heating of some antennas in the mountainous areas.

Natural gas, which accounted for about 4% of total energy consumption in 2017 (a decrease of roughly 8% compared to consumption in 2016), is used in some regional offices for the heating of offices, laboratories and warehouses only. Natural gas is also used in two kitchens for the dining facilities at the two Lissone offices only. Diesel fuel, instead, which accounted for about 8% of consumption, is used both at some transmission stations and some sites (to power emergency generators in cases where the electricity supply is

interrupted), and for the Group's vehicle fleet. The Group's diesel-powered vehicles include 37 specially equipped vans used for controlling the quality of the television signal on the territory, and seven cars used for business by the staff at customer sites. The Group also leases 201 diesel-powered cars, which account for the most significant share of diesel consumption; these vehicles are used by both managers and employees to travel to and from transmission sites to carry out maintenance, restoration, activation and installation activity.

EI TOWERS GROUP: INTERNAL ENERGY CONSUMPTION¹²

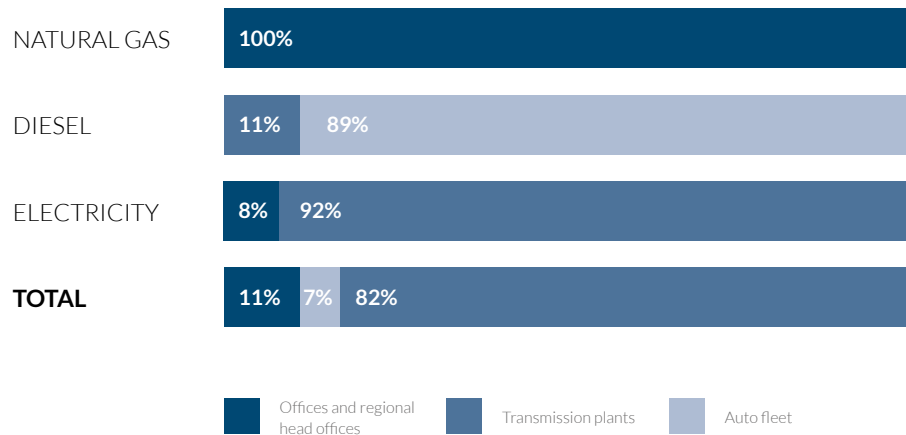
TYPE OF CONSUMPTION	2017			2016		
	OFFICES AND REGIONAL OFFICES	TRANSMISSION PLANTS	AUTO FLEET	TOTAL 2017	TOTAL 2016	% CHANGE
Natural gas	379,763 m ³ (13,343 GJ)	-	-	379,763 m ³ (13,343 GJ)	412,312 m ³ (14,486 GJ)	-8%
Diesel ¹³	-	80,655 litri (2,896 GJ)	650,683 litri (23,366 GJ)	731,339 liters (26,262 GJ)	628,651 liters (22,575 GJ)	16%
Electricity ¹⁴	6,481 MWh (23,331 GJ)	73,114 MWh (263,211 GJ)	-	79,595 MWh (286,542 GJ)	76,403 MWh (275,051 GJ)	4%
Total	36,674 GJ	266,107 GJ	23,366 GJ	326,147 GJ	312,112 GJ	4%

12. Lower Heating Value of natural gas equal to 0.035 GJ/m³, average density of diesel oil equal to 0.837 kg/litre, Lower Heating Value of diesel oil equal to 42.87 GJ/ton (Sources: Ministry of Environment and Protection of the Territory and of the Sea, National Standard Parameters Table, 2017; Department for Environment, Food & Rural Affairs, Conversion factors 2017 - Condensed set, 2017).

13. The consumption of diesel fuel was estimated by means of the expenditure for diesel for generator groups, using an average annual price of diesel oil for Italy equal to €1.38/litre for 2017 and €1.28/litre for 2016 (Source: Ministry of Economic Development, Annual National Average Prices, 2017).

14. Due to the recent incorporation of EIT Radio S.r.l., the company's actual electricity consumption is available only from July 2017. The consumption of the previous semester (January-June 2017) was calculated by estimating an average monthly consumption compared to consumption for the six months from July to December 2017.

EI TOWERS GROUP: PERCENTAGES OF ENERGY CONSUMED BY FUEL TYPE AND FINAL USE, 2017



During 2017, the Group's activities generated greenhouse gas emissions due to direct energy consumption (natural gas and diesel) and indirect energy consumption (electricity) by the Group. In particular, a greater share of greenhouse gas emissions is represented by the Scope 2 emissions, for which EI Towers is indirectly responsible, as they are generated by the electricity supply purchased from third parties.

These emissions are also due to the fact that EI Towers meets its overall electricity needs by purchasing electricity from the grid, and there are no renewable energy production plants within the Group.

Instead, the Scope 1 emissions are more limited and are generated directly within the Group through the use of fuels for the heating, emergency generators and the ve-

EI TOWERS GROUP: GREENHOUSE GAS EMISSIONS (CO₂ TONS)¹⁵

TYPE	CAUSE	2017	2016	% CHANGE
Scope 1 emission ¹⁶ (CO ₂ tons)	Natural gas and diesel consumption	2,678	2,471	8%
Scope 2 emission ¹⁷ (CO ₂ tons)	Electricity consumption			
	Location-based approach	29,848	28,651	4%
Market-based approach	37,012	35,527		

15. Only CO₂ emissions are considered for the calculation of the Scope 1 and Scope 2 emissions.

16. Coefficient of emission of natural gas: 0.001964 tCO₂/m³; coefficient of emission of diesel: 3.155 tCO₂/ton (Source: Ministry of the Environment and Protection of the Territory and Sea, Table of National Standard Parameters, 2017).

17. The reporting standard used (GRI Sustainability Reporting Standards 2016) provides two different approaches to calculating Scope 2 emissions: "location-based" and "market-based". The "location-based" approach provides for the use of a national average emission factor related to the specific national energy mix for the production of electricity (emission coefficient used for Italy equal to 375 gCO₂/kWh, Source: Terna, International Comparisons 2015). The "market-based" approach contemplates the use of an emission factor defined on a contractual basis with the electricity supplier. Given the absence of specific contractual agreements between the companies of the Group and the electricity supplier (e.g. purchase of Guarantees of Origin), this approach uses the emission factor relating to the national "residual mix" (emission coefficient used for Italy: 465 gCO₂/kWh). (Source: Association of Issuing Bodies, European Residual Mixes 2016).

hicle fleet. In recent years, some structural modifications have been made to reduce energy consumption at the Ascoli Piceno regional office, where the use of office space and common areas has been opti-

mized, and an obsolete gas heating system was replaced with a more efficient HVAC system. With these energy efficiency initiatives, the Ascoli Piceno site reduced energy consumption by 43% during the

twelve months following the installation of the new plant (from 1/10/2016 to 30/09/2017), compared to an average reference period prior to the new plant's installation (2014 calendar year); the changes reflect lower electricity consumption (-11%) and the termination of the gas supply contract as from September 2016.

A similar, significant energy efficiency programme was inaugurated at the Florence regional office, with the aim of completion by April 2018. On the other hand, given the magnitude of the business, it is challenging to implement energy-saving initiatives at the transmission sites, since the correct functioning of the stations for signal transmission presupposes a certain level of energy purchases.



ENERGY SAVINGS AT ASCOLI PICENO REGIONAL OFFICE, 1/10/2016-30/09/17 VS YEAR OF 2014

(GJ)

TYPE OF CONSUMPTION	CONSUMPTION 1/10/2016 - 30/09/2017	CONSUMPTION 1/1/2014 - 31/12/2014	% SAVINGS
Natural gas	-	27,403 m ³ (959 GJ)	-100%
Electricity	430 MWh (1,549 GJ)	486 MWh (1,748 GJ)	-11%
Total (GJ)	1,549 GJ	2,707 GJ	-43%

6.3 WASTE MANAGEMENT

EI Towers focuses a significant effort on proper waste disposal, continually monitoring this activity through an efficient management process in compliance with current legislation (Legislative Decree No. 152/06). All waste materials from operating activities (such as those produced by the construction sites or during the operation/decommissioning of the plants) are produced by the local units, which include all the Group's regional offices and the Lissone headquarters. The disposal of these waste materials, which are regularly reported to the related Chambers of Commerce, Industry, Handicrafts and Agriculture (CCIAA), is carried out in compliance with the regulations in force and at authorized sites.

The waste materials produced are collected to be sent to disposal sites, according to the methods and timetables provided by applicable laws and regulations, with temporary storage at the place where they are directly "produced". This temporary storage, consisting of the sorting of waste materials by type at the place of production, is carried out before the materials are removed by a carrier/haulage company, and can be done without the need or the obligation of any authorization. Each type of waste produced is logged on an appropriate register, with the completion of the form provided, appropriately signed at the

time of the proper disposal of the waste. For these procedures, EI Towers uses an IT platform (ECOSWEB) for managing compliance matters and the required obligations (registers, forms, checking the validity of authorizations for transporters and destination centres). In addition, all area managers regularly monitor compliance with the legal obligations of the suppliers in terms of waste disposal, with a particular focus on hazardous waste materials. The Group employs specialized suppliers who operate with sector authorizations.

Given the business activity, EI Towers produces different types of waste materials, such as packaging made up of mixed materials, wooden packaging, filtering materials, plastic, paper and cardboard, wood, iron, printer toner cartridges, batteries, cables, equipment out of use (such as computers and monitors), and used engine, gear and lubrication oils. In 2017, there was a marked decline in the waste produced, equal to about 87 tons (including about 16 tons consisting of hazardous waste and around 71 tons of non-hazardous waste), all disposed of in appropriate landfills. This decrease is mainly due to the substantial depletion of the regional warehouses in terms of obsolete and/or out-of-use equipment, which were subsequently disposed of by the network (stations) and scrapped starting in 2016.

In 2017, hazardous waste materials accounted for 18% of the total and consisted of batteries, and engine, gears and lubrication oils. All hazardous waste is transported outside the Group for proper disposal in landfills, in the manner provided by the waste management system. In the case of the road transport of dangerous goods, EI Towers complies with the European Agreement for Interna-

tional Carriage of Dangerous Goods by Road (ADR), guaranteeing the compliance regarding matters such as the appropriate identification of packaging, segregation with respect to other waste materials, control of the transporter regarding the authorizations required (both for means of transport and the driver, as well as for the safety equipment that must be aboard the vehicle itself).

BREAKDOWN OF HAZARDOUS AND NON-HAZARDOUS WASTE PRODUCED BY THE EI TOWERS GROUP

(tons)

WEIGHT OF WASTE PRODUCED (TONS)	2017	2016
Total waste materials	87	259
Incl: hazardous waste	16	19
Incl: non-hazardous waste	71	240

Lissone, March 22, 2018

**For the Board of Directors
Chairman**

(Alberto Giussani)



GRI CONTENT INDEX

The following table presents the sustainability issues considered as “material” for the EI Towers Group, related to the topics defined by the GRI Sustainability Reporting Standards, which have been reported in this document. The “Boundary of Material Matters” column reports the

matters that can generate an impact with respect to each issue, both inside and outside of the Group. Furthermore, the “Type of Impact” column indicates the role of EI Towers in relation to the impact generated with respect to each material matter.

MATERIAL MATTERS FOR EI TOWERS	RELATED GRI STANDARDS TOPICS	BOUNDARY OF MATERIAL MATTERS	TYPE OF IMPACT
Business Ethics and Integrity	- Anti-competitive Behaviour	EI Towers Group	Caused by the Group
Compliance	- Environmental Compliance - Socioeconomic Compliance	EI Towers Group	Caused by the Group
Regulatory Developments	n.a.	EI Towers Group Government Entities and Government-Controlled Entities, Customers	Connected with the Group's activity
Anti-corruption	- Anti-corruption	EI Towers Group; Suppliers, Contractors and Business Partners	Caused by the Group and connected with the Group's activity
Economic Performance	- Economic Performance	EI Towers Group Investors, Shareholders and Financial Community	Caused by the Group
Indirect economic impacts	- Indirect economic impacts	EI Towers Group Local Communities and Public at Large	Connected with the Group's activity
Environmental Impact, Biodiversity and Eco-system	- Biodiversity	EI Towers Group Local Communities and Public at Large	Connected with the Group's activity

Energy	- Energy	EI Towers Group	Connected with the Group's activity
Emissions in the Atmosphere and Climate Change	- Emissions	EI Towers Group	Connected with the Group's activity
Electromagnetic Impact	- Environmental Compliance - Customer Health and Safety	EI Towers S.p.A. Towertel S.p.A. EIT Radio S.r.l. Government Entities and Government-Controlled Entities, Customers Local Communities and Public at Large	Connected with the Group's activity
Waste Materials	- Effluents and Waste	EI Towers Group Local Communities and Public at Large	Connected with the Group's activity
Procurement Practices	- Procurement Practices - Supplier Social Assessment	EI Towers Group Suppliers, Contractors and Business Partners	Caused by the Group and connected with the Group's activity
Relationships with the Local Communities	- Local Communities	EI Towers Group Local Communities and Public at Large	Contribution of the Group
Human Rights	- Human Rights Assessment	EI Towers Group Suppliers, Contractors and Business Partners	Connected with the Group's activity
HR Management and Development	- Employment - Training and Education	EI Towers Group	Caused by the Group
Corporate Welfare	- Employment	EI Towers Group	Caused by the Group
Diversity and Social Inclusion	- Diversity and Equal Opportunity - Non-discrimination	EI Towers Group	Caused by the Group
Employee Relations	- Freedom of Association and Collective Bargaining	EI Towers Group	Caused by the Group
Safety and Security	- Occupational Health and Safety	EI Towers Group Suppliers, Contractors and Business Partners	Caused by the Group and connected with the Group's activity
Service Quality and Security	- n.a.	EI Towers Group Customers	Caused by the Group
Technological Innovation	- n.a.	Nettrotter S.r.l. Schools, Universities and Research Centres	Contribution of the Group
Customer Relationships	- n.a.	EI Towers Group Customers	Caused by the Group
Protection of Privacy	- Customer Privacy	EI Towers Group	Caused by the Group

The table below shows the performance indicators, in accordance with the core option of the GRI Sustainability Reporting

Standards. The table highlights the section(s) of the Sustainability Report, or other sources available to the public, where

the respective indicators are reviewed and discussed.

GRI-STANDARDS		PAGE	NOTES
GRI 102: GENERAL STANDARD DISCLOSURE			
ORGANIZATIONAL PROFILE			
102-1	Name of the Organization	15	
102-2	Activities, brands, products and services	15-19	
102-3	Location of headquarters	15	
102-4	Location of operations	15	
102-5	Ownership and legal form	15	
102-6	Markets served	15-17	
102-7	Scale of the organization	15,16,36,49	
102-8	Information on employees and other workers	49	
102-9	Supply chain	46,47	
102-10	Significant changes to the organization and its supply chain	6,7,15	
102-11	Precautionary principle or approach	30,31	
102-12	External initiatives	11,22,23	
102-13	Membership of associations	22	

STRATEGY			
102-14	Statement from senior decision-maker	5	
102-15	Key impacts, risks, and opportunities	30,31	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behaviour	9,32-34	
GOVERNANCE			
102-18	Governance structure	24-28	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	10	
102-41	Collective bargaining agreements	54	
102-42	Identifying and selecting stakeholders	10	
102-43	Approach to stakeholder engagement	10,11	
102-44	Key topics and concerns raised	12,13	
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	6,7,16,17	
102-46	Defining report content and topic boundaries	6,7,12,13,67,68	
102-47	List of material topics	13	
102-48	Restatements of information and reasons		This document is the first sustainability report of EI Towers Group
102-49	Significant changes from previous reporting periods		This document is the first sustainability report of EI Towers Group
102-50	Reporting period	6,7	
102-51	Date of the most recent report		This document is the first sustainability report of EI Towers Group

102-52	Reporting cycle	6,7
102-53	Contact point for questions regarding the report	6,7
102-54	Option of reporting in accordance with the GRI Standards	6, 7
102-55	GRI Content Index	69-79
102-56	External assurance	80, 81

SPECIFIC STANDARD DISCLOSURES ECONOMIC CATEGORY

ECONOMIC PERFORMANCE

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	37,38
103-3	Evaluation of the management approach	37,38

GRI 201: Performance economica

201-1	Direct economic value generated and distributed	38
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INDIRECT ECONOMIC IMPACTS

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	39,41-43
103-3	Evaluation of the management approach	39,41-43

GRI 203: Indirect Economic Impacts

203-1	Infrastructure investments and services supported	39,41-43
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PROCUREMENT PRACTICES

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	46,47
103-3	Evaluation of the management approach	46,47

GRI 204: Procurement Practices

204-1	Proportion of spending on local suppliers	46,47
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ANTI-CORRUPTION

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	35
103-3	Evaluation of the management approach	35

GRI 205: Anti-corruption

205-2	Communication and training about anti-corruption policies and procedures	55	
205-3	Confirmed incidents of corruption and actions taken	35	During 2017, there were no confirmed incidents of corruption

ANTI-COMPETITIVE BEHAVIOUR

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	32,33
103-3	Evaluation of the management approach	32,33

GRI 206: Comportamento anti-competitivo

206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	32,33	During 2017, there were no legal actions for anti-competitive behaviour, anti-trust or monopoly practices.
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ENVIRONMENTAL CATEGORY

ENERGY

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	63,64
103-3	Evaluation of the management approach	63,64

GRI 302: Energy

302-1	Energy consumption within the organization	63-65
302-4	Reduction of energy consumption	63-65

BIODIVERSITY

GRI 103: Approccio manageriale

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	61,62
103-3	Evaluation of the management approach	61,62

GRI 304: Biodiversity

304-2	Significant impacts of activities, products and services on biodiversity	61,62
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EMISSIONS

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	64
103-3	Evaluation of the management approach	64

GRI 305: Emissions

305-1	Direct (Scope 1) GHG emissions	64
305-2	Indirect (Scope 2) GHG emissions	64

EFFLUENTS AND WASTE

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	66
103-3	Evaluation of the management approach	66

GRI 306: Effluents and Waste

306-2	Waste by type and disposal method	66
306-4	Transport of hazardous waste	66

ENVIRONMENTAL COMPLIANCE

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	61,62
103-3	Evaluation of the management approach	61,62

GRI 307: Environmental Compliance

307-1	Non-compliance with environmental laws and regulations	61,62	During 2017, there were no cases of non-compliance or significant sanctions for violation of environmental laws and regulations.
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SOCIAL CATEGORY

OCCUPAZIONE

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	48,49,53,54
103-3	Evaluation of the management approach	48,49,53,54

GRI 401: Occupazione

401-1	New employee hires and employee turnover	50
401-2	Benefits provided to full-time employees that re not provided to temporary or part-time employees	53,54

OCCUPATIONAL HEALTH AND SAFETY

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	58
103-3	Evaluation of the management approach	58

GRI 403: Occupational Health and Safety

403-1	Workers representation in formal joint management-worker health and safety committees	58
403-2	Types of injury, occupational diseases, lost days and absenteeism and the number of work-related fatalities	59

The health and safety indicators haven't been taken into account since they're not comparable to the ones of the financial statements 2017 due to changes in the payroll time-reporting system which took place in 2016.

TRAINING AND EDUCATION

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	55-57
103-3	Evaluation of the management approach	55-57

GRI 404: Training and Education

404-1	Average hours of training per year per employee	55
404-2	Programs for upgrading employee skills and transition assistance programs	57

DIVERSITY AND EQUAL OPPORTUNITY

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	28,51,52
103-3	Evaluation of the management approach	28,51,52

GRI 405: Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees	28,51,52
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NON-DISCRIMINATION

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	34,51,52
103-3	Evaluation of the management approach	34,51,52

GRI 406: Non-discrimination

406-1	Incidents of discrimination and corrective actions taken	34,51,52	During 2017, there were no incidents of discrimination within the Group.
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FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	52
103-3	Evaluation of the management approach	52

GRI 407: Freedom of Association and Collective Bargaining

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk and measures adopted	52	During 2017, there were no activities or suppliers identified for which there were limitations on the right of the freedom of association and collective bargaining.
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HUMAN RIGHTS ASSESSMENT

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	34
103-3	Evaluation of the management approach	34

GRI 412: Human Rights Assessment

412-2	Employee training on human rights policies or procedures	55
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LOCAL COMMUNITIES

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	42,43,61,62
103-3	Evaluation of the management approach	42,43,61,62

GRI 413: Local Communities

413-2	Operations with significant actual and potential impacts on local communities	42,43,61,62
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SUPPLIER SOCIAL ASSESSMENT

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	46,47
103-3	Evaluation of the management approach	46,47

GRI 414: Supplier Social Assessment

414-1	New suppliers that were screened using social criteria	46
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CUSTOMER HEALTH AND SAFETY

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	61,62
103-3	Evaluation of the management approach	61,62

GRI 416: Customer Health and Safety

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	61,62	During 2017, there were no incidents of non-compliance concerning the health and safety impacts of products and services.
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CUSTOMER PRIVACY

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	45
103-3	Evaluation of the management approach	45

GRI 418: Customer Privacy

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	45	During 2017, there were no complaints registered concerning breaches of privacy.
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SOCIOECONOMIC COMPLIANCE

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary	6,7,67,68
103-2	The management approach and its components	32,33
103-3	Evaluation of the management approach	32,33

GRI 419: Socioeconomic Compliance

419-1	Significant penalties and sanctions for non-compliance with laws and regulations in the social and economic area	32,33	During 2017, there were no cases of non-compliance or significant sanctions with respect to the violation of laws and regulations in the social and economic area.
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REPORT OF THE INDEPENDENT AUDIT FIRM

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**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267**

**To the Board of Directors of
EI Towers S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter the "Decree") and to article 5 of the CONSOB Regulation n. 20267, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of EI Towers S.p.A. and its subsidiaries (hereinafter the "Group") as of December 31, 2017 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 22, 2018 (hereinafter the "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Group.
4. Understanding of the following matters:
 - Business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - Policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - Main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).
5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of EI Towers S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- At the parent company's and subsidiaries' level:

- a) With regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) With regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- For EI Towers S.p.A., which we selected based on its activities, its contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the EI Towers Group as of December 31, 2017 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

Other Matter

The data for the year ended December 31, 2016 presented for comparative purposes in the NFS have not been subject to a limited or to a reasonable assurance engagement.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
 Partner

Milan, Italy
 March 29, 2018

This report has been translated into the English language solely for the convenience of international readers.

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