



Corporate Governance Report

Pursuant to Article 123-bis of Legislative Decree no. 58/98 and 89-bis, Consob Issuer Regulations
(traditional administration and control model)

Issuer: TISCALI SPA

Website: www.tiscali.com

Year to which the Report refers: 2016

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Corporate Governance and Assets Report

1. Introduction

Pursuant to Article 123-bis of Legislative Decree No. 58/1998, as implemented by Article 89-bis of the Issuers Regulations adopted by Consob with resolution No. 11971 dated May 14, 1999, listed companies are required to prepare, annually, an information report on their Corporate Governance system and on their implementation of the recommendations established in the Code (as defined below). This report is made available to Shareholders at least 21 days before the date of the meeting to approve the financial statements and is published in the "investor relations" section of the Company's website at www.tiscali.com.

The Board of Directors of Tiscali S.p.A. ("Tiscali" or the "Company"), in compliance with the aforementioned obligation and with the aim of providing extensive corporate information to shareholders and investors, prepared this report (the "Report"), in compliance with the guidelines published by Borsa Italiana S.p.A. and in light of the information provided in that regard by Assonime.

Therefore, the Report includes two parts. The first part fully illustrates the corporate governance model adopted by Tiscali and describes the corporate Boards as well as the shareholding and other information referred to in Article 123 bis of Legislative Decree 58/98. The second part provides, instead, detailed information regarding the implementation of the recommendations of the Code through a comparison between the choices made by the Company and said Code recommendations. On April 28, 2017, the Board of Directors assessed, under the Code, the size, composition and operation of the Board itself and its Committees considering them suitable to the Company management and its organizational needs. The Board kept into account the professional qualifications, experience and managerial skills of its members and examined the actual functioning of the corporate bodies during 2016. At the date of this report, only the CEO has executive powers and three non-executive directors are also independent. In its assessment, the Board also considered the positions held in other companies by the Directors, and the actual commitment of the Directors in the Company management.

2. Corporate Governance Structure

2.1 General principles

"Corporate Governance" means the set of processes aimed at managing the corporate activity with the purpose of creating, protecting and increasing over time the value for Shareholders and investors. These processes must ensure the achievement of the corporate purposes, preservation of a socially responsible behavior, transparency and responsibility toward the Shareholders and investors.

To ensure transparency of the management operations, proper market information, and protection of socially relevant interests, the corporate governance system adopted by Tiscali is largely based on the recommendations of the Self-Governance Code (the "Code") approved by the Committee for Corporate Governance in March 2006, as last updated in July 2015 and available at the page <http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm>.

The Company adopts practices and principles of conduct formalized in procedures and codes, in line with the recommendations of Borsa Italiana S.p.A., CONSOB recommendations and best practice

applied at national and international level; in addition, Tiscali adopted an organizational structure adequate to manage, with proper procedures, company risks and potential conflicts of interest that may arise between Directors and Shareholders, between majorities and minorities and among the various stakeholders.

2.2 Adopted Model

The Company adopted, in relation to the management and control system, the traditional model, which requires the presence of the Board of Directors and Board of Auditors; the Company also deems that such a system allows a clear division of roles and responsibilities entrusted to the governing bodies as well as an effective Company management.

2.3 Company bodies and independent auditors.

The corporate bodies are the Board of Directors, the Board of Auditors and the Shareholders' Meeting.

Board of Directors

On April 30, 2015, the Shareholders' Meeting appointed the Board of Directors in office until approval of the financial statements as of 12.31.2017. The following table provides the composition and activity of the Board of Directors until expiry of office which occurred on 02.16.2016:

Director	Date of birth	Office	Date of appointment for this mandate	Executive - Non-executive - Independent	Date of expiry for this mandate	Date of first appointment: (*)	Other positions (***)	Participation Meetings Board of Directors	Risk and control Committee - role (**)	Appointment and Remuneration Committee - role (**)	Committee for Transactions with Related Parties - Role (***)
Renato Soru	1957	Chairman and CEO	4/30/2015	Executive	2/16/2016	June 09, 1997	-	1/1			
Luca Scano	1971	Director	4/30/2015	Non-executive	2/16/2016	December 21, 2009	-	1/1	M -		
Gabriele Racugno	1944	Director	4/30/2015	Non-executive	2/16/2016	May 5, 2005	-	-		M -	M -
Assunta Brizio	1950	Independent Director	4/30/2015	Non-executive and Independent TUF	2/16/2016	August 28, 2012	-	1/1	M -	M 1/1	M -
Franco Grimaldi	1955	Independent Director	4/30/2015	Non-executive and Independent TUF	2/16/2016	December 21, 2009	-	1/1	P -	P 1/1	P -

(*) This office may have not been held continuously since the date of first appointment

(**) This column reports the participation of the directors to the meetings of the Committees and the auditor's role in the Committee: "P": President; "M": member.

(***) Roles held as directors or auditors in other quoted companies in regulated markets (also foreign), in financial companies, banks, insurance companies or large entities.

Subsequently, as a result of the resignations in the month of December 2015 by a majority of the Directors, the Shareholders' Meeting, on February 16, 2016, appointed a new Board of Directors. The composition and activities from the date of appointment to the date of this report are shown below:

Director	Date of birth	Office	Date of appointment for this mandate	Executive - Non-executive - Independent	Date of expiry for this mandate	Date of first appointment: (*)	Other positions (***)	Participation Meetings Board of Directors	Risk and control Committee - role (**)	Appointment and Remuneration Committee - role (**)	Committee for Transactions with Related Parties - Role (***)	Investment Committee (**)	Extraordinary Financial Transactions Committee (**)
Renato Soru****	1957	Director	February 16, 2016	Executive	approval of financial statements as of 12.31.2017	June 09, 1997	-	12/13				M	M
Riccardo Ruggiero	1960	Chief Executive Officer	February 16, 2016	Executive	approval of financial statements as of 12.31.2017	February 16, 2016	-	12/13				P	P
Alexander Okun*****	1952	Chairman	February 16, 2016	Non-executive	approval of financial statements as of 12.31.2017	February 16, 2016	-	13/13				M	M
Konstantin Yanakov	1977	Director	February 16, 2016	Non-executive	approval of financial statements as of 12.31.2017	February 16, 2016/ resignation Feb24 2017	6	7/10		M 6/7			
Nikolay Katorzhnov	1984	Director	February 16, 2016	Non-executive	approval of financial statements as of 12.31.2017	February 16, 2016/ resignation Feb24 2017	4	4/10		M 5/7		M	M
Paola De Martini	1962	Independent Director	February 16, 2016	Non-executive and Independent TUF	approval of financial statements as of 12.31.2017	February 16, 2016	2	12/13	M 4/4	P 6/7	P 4/4		
Anna Belova	1961	Independent Director	February 16, 2016	Non-executive and Independent TUF	approval of financial statements as of 12.31.2017	February 16, 2016	1	13/13	P 4/4	M 7/7	M 4/4		
Franco Grimaldi	1955	Independent Director	February 16, 2016	Non-executive and Independent TUF	approval of financial statements as of 12.31.2017	December 21, 2009	-	13/13	M 4/4	M 7/7	M 4/4		

Director	Date of birth	Office	Date of appointment for this mandate	Executive - Non-executive - Independent	Date of expiry for this mandate	Date of first appointment: (*)	Other positions (***)	Participation Meetings Board of Directors	Risk and control Committee - role (**)	Appointment and Remuneration Committee - role (**)	Committee for Transactions with Related Parties - Role (***)	Investment Committee (**)	Extraordinary Financial Transactions Committee (**)
Alice Soru	1980	Director	February 16, 2016	Non-executive	approval of financial statements as of 12.31.2017	February 16, 2016	-	13/13	-	-	-	-	-
Dmitry Gavrilin	1977	Director	February 24 2017	Non-executive	Next shareholders meeting	February 24 2017	-	2/2	-	1/1	-	-	-
Sergey Sukhanov	1974	Director	February 24 2017	Non-executive	Next shareholders meeting	February 24 2017	1	1/2	-	1/1	-	-	-

(*) This office may have not been held continuously since the date of first appointment

(**) This column reports the participation of the directors to the meetings of the Committees and the auditor's role in the Committee: "P": President; "M": member.

(***) Roles held as directors or auditors in other quoted companies in regulated markets (also foreign), in financial companies, banks, insurance companies or large entities.

(****) Appointed President by the Shareholders meeting on February 16.2016 and resigned from the office of President on 05.12.2016

(*****) Vice-President from 2.16.2016 to 5.12.2016 – President since 5.12.2016

Please note that the Board currently in office was elected on the base of the sole list presented to the Shareholders' Meeting held on February 16, 2016 jointly by Renato Soru, Aria Telecom Holding BV and Otkritie Disciplined Equity Fund.

Board of Auditors

On April 30, 2015 the Shareholders' Meeting elected the Board of Auditors in office until approval of the financial statements as of 12.31.2017. The Company Board of Auditors consisted of:

Regular auditor	Date of birth	Office	Date of appointment for the mandate	Date of first appointment: (*)	Independence Code	Participation to Board meetings from January 1 to February 16, 2016	No. of positions held in issuers
Paolo Tamponi	7/24/1962	Chairman	April 30, 2015	December 21, 2009	yes	4/4	-
Rita Casu***	11/7/1963	Effective Auditor	April 30, 2015	November 30, 1998	yes	3/4	-
Andra Zini	1/31/1963	Statutory Auditor	April 30, 2015	April 17, 2000	yes	4/4	-
Piero Maccioni**	4/7/1962	Substitute	April 30,	June 30,	yes	-	-

Regular auditor	Date of birth	Office	Date of appointment for the mandate	Date of first appointment: (*)	Independence Code	Participation to Board meetings from January 1 to February 16, 2016	No. of positions held in issuers
		Auditor	2015	1999			
Valeria Secchi	8/30/1965	Substitute auditor	April 30, 2015	April 30, 2015	yes	-	-

(*) This office may have not been held continuously since the date of first appointment

(**) Statutory Auditor from 5/15/2012 to 04/30/2015 and Substitute Auditor since 04/30/2015

(**) Substitute Auditor from 5/15/2012 to 04/30/2015 and Statutory Auditor since 04/30/2015

Subsequently, upon the resignation of all the Auditors submitted in December 2015, the Shareholders' Meeting appointed a new Board of Auditors on February 16, 2016, comprising:

Regular auditor	Date of birth	Office	Date of appointment for this mandate	Date of first appointment: (*)	Independence Code	Participation to the Board meetings from 2.16.2016 to the date of this report	No. of positions held in issuers
Paolo Tamponi	7/24/1962	Chairman	February 16, 2016	December 21, 2009	Yes	16/16	-
Emilio Abruzzese	7/18/1957	Statutory Auditor	February 16, 2016	February 16, 2016	Yes	16/16	-
Valeria Calabi	8/22/1966	Statutory Auditor	February 16, 2016	February 16, 2016	Yes	16/16	-
Federica Solazzi Badioli	12/23/0966	Substitute auditor	February 16, 2016	February 16, 2016	Yes	-	-
Augusto Valchera	6/1/1966	Substitute auditor	February 16, 2016	February 16, 2016	Yes	-	-

(*) This office may have not been held continuously since the date of first appointment

Please note that the Board currently in office was elected on the base of the sole list presented to the Shareholders' Meeting held on February 16, 2016 jointly by Renato Soru, Aria Telecom Holding BV and Otkritie Disciplined Equity Fund.

Managers responsible for drawing up corporate accounting documents

As established in Article 14 of the Company's Articles of Association and in compliance with the provisions of Law 262/2005, dated April 30, 2015 the Board of Directors appointed as manager responsible for drawing up the corporate accounting documents Mr. Pasquale Lionetti, manager of the Company in possession of the necessary qualifications and proven experience in the accounting and finance field. The office of Mr. Lionetti will expire with renewal of the Board of Directors subsequent to the approval of the 2017 financial statements.

Company appointed to perform the audit

The appointment to perform the audit was awarded to the company EY S.p.A. on April 29, 2008. This appointment will expire with the approval of the 2016 financial statements by the Shareholders' Meeting.

Committees

In the meeting of the Board of Directors dated April 30, 2015, following the appointment of the new Board of Directors replacing the previous one due to its term expiration, the following internal committees were established:

- *Control and Risk Committee*, constituted by Franco Grimaldi (Chairman), Assunta Brizio and Luca Scano.
- *Appointment and Remuneration Committee* constituted by, Franco Grimaldi (Chairman), Assunta Brizio and Gabriele Racugno.
- *Committee for Transactions with the Related Parties* constituted by, Franco Grimaldi (President), Assunta Brizio and Gabriele Racugno.

In addition, in accordance with the Regulations pertaining to transactions with related parties adopted by CONSOB with resolution No. 17221 dated March 12, 2010 and subsequently amended by resolution No. 17389 dated June 23, 2010, the Company adopted regulations for transactions with related parties on the basis of which the Committee for Transactions with Related Parties operates.

Subsequently, as a result of the resignations occurred in the month of December 2015 by a majority of the Directors, and the appointment by the Shareholders' Meeting held on February 16, 2016, of a new Board of Directors, the latter, at its first meeting held on February 16, 2016, established internally the following committees:

- *Control and Risk Committee*, constituted by Anna Belova (Chairman), Paola De Martini and Franco Grimaldi;
- *Appointment and Remuneration Committee*, constituted by Paola De Martini (Chairman), Konstantin Yanakov, Nikolay Katorzhnov, Anna Belova and Franco Grimaldi;
- *Committee for Transactions with Related Parties*, constituted by Paola De Martini (Chairman), Anna Belova and Franco Grimaldi;
- *Investment Committee*, constituted by Riccardo Ruggiero (Chairman), Renato Soru, Alexander Okun and Nikolay Katorzhnov; ;
- *Committee for Extraordinary Financial Transactions*, constituted by Riccardo Ruggiero (Chairman), Renato Soru, Alexander Okun, Nikolay Katorzhnov and Anna Belova.

Following the resignations resigned in February 2017 by Konstantin Yanakov, Nikolay Katorzhnov, they were replaced by Sergey Sukhanov and Dmitry Gavrilin.

The committees will expire in conjunction with the Board of Directors upon approval of the financial statements as of December 31, 2017.

Oversight Body

On the occasion of the Board meeting dated April 30, 2015, the new Oversight Body of the Company was appointed, constituted by lawyer Maurizio Piras, an external member acting as Chairman; Angelo Argento, an external member; and Carlo Mannoni, Manager of the Company Regulatory Affairs

department, who later resigned and was replaced in September 2015 by Paolo Sottili, Manager of the Company HR department. Following the resignation of Paolo Sottili, Daniele Renna was appointed member of the Oversight Body on the meeting dated November 29, 2016. The Oversight Body will remain in office until the approval of the financial statements as of December 31, 2017 and carries out its supervisory tasks also on the subsidiaries Tiscali Italia S.p.A. and Veesible Srl.

Director in charge of the internal control risk and risk management

In line with the recommendations of the Self-Governance Code, at the Board meeting dated April 30, 2015, Luca Scano was appointed Director in charge of internal control and risk management (henceforth also referred to as Director in Charge). As a result of the appointment of the Board of Directors occurred on February 16, 2015, the department was entrusted to the CEO.

Secretary of the Board of Directors

On February 22, 2016, the Board of Directors appointed Paola De Martini as corporate secretary, with the task of assisting the Board in the preparation of Board and Shareholders' meetings and drafting of their related resolutions, supervising and ensuring the adequacy, completeness and clarity of information flows addressed to the Board and the corporate bodies.

2.4 Shareholding

At the time of this Report, the share capital subscribed and paid amounted to Eur 91,200,922.89, divided into 3,145,281,893 ordinary shares without nominal value, freely transferable according to time limits established by law without securities conferring special control rights.

Share-based incentive plan

The Shareholders' Meeting held on February 16, 2016 approved the 2015-2019 a Stock Option Plan intended for Renato Soru as Chairman of the Board of Directors and the related authorization for the Board to increase the capital for a maximum amount of Eur 16,371,192.25 to cover for the above stock option Plan. The authorization concerns the issue of up to 251,622.551 ordinary shares, to cover a maximum of 251,622,551 options to be reserved to the Plan beneficiary. For more information, please refer to the Information Document on the 2015-2019 Stock Option Plan issued by Tiscali S.p.A. prepared by the Board of Directors pursuant to article 84 bis of the Issuer Regulations available on the Company's website in the Governance section.

Subsequently, the Shareholders' Meeting held on June 16, 2016 approved the 2016-2021 Stock Option Plan (hereafter referred to as the 2016-2021 Plan) reserved to the CEO and the Group management and the divisible cash increase in the share capital for a maximum amount of Eur 25,193,708 to be allocated to the capital with exclusion of option right pursuant to article 2441, paragraphs 5 and 6, of Civil Code, by issuing up to 314,528,189 new ordinary shares of Tiscali, to cover a maximum of 314,528,189 options valid for the subscription of ordinary shares to be reserved to the CEO and the Group management as beneficiaries of the 2016 - 2021 Plan. The 2016-2021 Plan is described in document pursuant to Article 114-bis of the Consolidated Finance Act (TUF) already prepared during the meeting approval and available in the governance section of the Company website.

Increases of Representative pursuant to article 2443 of the Civil Code

With resolution dated February 16, 2016, the Shareholders' Meeting (i) declared void the resolution dated September 29, 2015 by which the Shareholders' Meeting granted the Board of Directors authorization pursuant to Article 2443 c. 2 of the Civil Code with the power to increase the share capital from 1 to 31 March 2018, through the issue of a maximum of 250,000,000 ordinary shares with nominal value of zero at a subscription price of € 0.06, for the subscription by Bank Otkritie Financial Corporation, and (ii) approved at the same time an authorization to the Board of Directors pursuant to article 2443 paragraph 2 of the Civil Code to increase the share capital from 1 to 30 March 2018, by issuing up to a total of 250,000,000 ordinary shares without nominal value at a subscription price of € 0.06. The increase is intended to the subscription by Rigensis Bank AS.

The following table specifies the name or appellation of the Shareholders with voting rights and with a shareholding of more than 5%, who notified the Company and CONSOB of their shareholding. No restrictions on voting rights or security transfer were established.

Stockholder	Percentage on the ordinary capital	Percentage on the voting capital	Shares
Otkritie Disciplined Equity Fund	17.08%	17.08%	537,247,387
Investment Construction Technology (ICT) Group Ltd*	-	16.26%	511,279,591
Renato Soru	10.48%	10.48%	329,650,508
of which Cuccureddus	1.05%	1.05%	33,112,352
of which Monteverdi	0.56%	0.56%	17,609,873
of which Soru direct	8.87%	8.87%	278,928,283

* From communications occurred pursuant to art. 119 of the Issuers Regulations it appears that the company Investment Construction Technology Group Ltd, through its subsidiary Powerboom Investment Limited, due to transfer contracts in place for securities lending and carry forward for a total amount of shares equal to 16.255%, as established by specific contractual clauses, issues voting directives from time to time to the related counterpart.

The remaining 56.18% of the capital is held by the market.

No statutory restrictions on voting rights or the security transfer, such as limits on the ownership of securities or acceptability clauses were established. Also there are no special mechanisms for exercising voting rights in case of employee shareholdings, who exercise their right in accordance with the provisions of the Company Articles of Association.

Shareholders' Agreements

At the date of this report no shareholder's agreement are in place to the Company's knowledge. Please note that, as reported in accordance with the law, on September 25, 2015, Renato Soru, and the direct and indirect shareholders of Aria Italia signed a shareholders' agreement whose purpose was the presentation of a common list to be submitted to Tiscali Shareholders' Meeting that, after the effective date of the merger between Tiscali Group and the Aria Group, were called for the appointment of corporate positions as well as for the approval of an incentive plan in favor of the administrative body members. The agreement was implemented with reference to the Shareholders' Meeting held on February 16, 2016.

2.5 Amendments to significant agreements of the Company following a control change

In case of change of control of the Company or some companies of the Group relevant under the financing agreements with senior creditors of the Company, the change of the financing agreements was established. In particular, the change of control under the terms established in the financing agreement, implies an obligation to make prepayments with reference to the said agreement.

3. Information on the implementation of the recommendations detailed in the Self-Governing Code

3.1 Board of Directors

Role

The Board of Directors carries out a prominent role in the life of the Company, being the body responsible for the management of the enterprise, as well as the task of strategic and organizational direction and as such is predisposed to the identification of social objectives and the verification of achievement of the same.

This body shall bear, pursuant to Article 14 (Powers of the Administrative Board) of the current Articles of Association, all the powers of ordinary and extraordinary administration. The Board of Directors examines and approves the strategic, industrial and financial plans of the Company and of the Group which it heads; reports quarterly to the Board of Auditors on the activities carried out and on operations of major economic, financial and asset transactions by the Company or its subsidiaries, as specified in art. 150 TUF and in accordance with the procedure approved by the Board of Directors at the meeting on 28 April 2017. The powers exercised by the Board of Directors of the Company, including in its function of strategic guidance, oversight and control of company activity, as provided for in the Articles of Association and implemented in corporate practices, are consistent with the principles and application criteria pursuant to art. 1 of the code.

Composition:

Pursuant to Article 10 (Directors of the Company) of the Articles of Association, the Board of Directors should be composed of nine members, however, the gender balance is guaranteed in accordance with current legislation. The Board of Directors has established the following committees: Control and Risk Committee, Nomination and Remuneration Committee, Related Parties Transactions Committee, Investment Committee and Extraordinary Finance Operations Committee.

Chairman

The Articles of Association states that the Chairman of the Board of Directors shall convene the Board and presides over it as well as that he/she coordinates the works. At the Board of Directors meetings, the Chairman shall ensure that the Directors are provided, with reasonable advance, the documentation required to enable the Board to be discuss the matters under examination. In addition, at the February 16, 2016 meeting, some executive powers were delegated to the Chairman to oversee the management of the company with reference to specific areas, but they did not succeed following the resignation of Chairman Renato Soru on May 12, 2016.

In the February 16, 2016 meeting, the Board of Directors nominated Alexander Okun Vice President of the Board of Directors. He was also nominated by the Board, Chairman of the Board of Directors succeeding Renato Soru.

Chief Executive Officer

The Articles of Association also stipulate that the Board of Directors may, within the limits of law, nominate one or more Managing Directors, determining its powers within the scope of its duties and within the limits of the law. The Board of Directors has conferred executive powers on the Chief Executive Officer. As a general rule, the powers of the Chief Executive Officer can be exercised up to a maximum value of 10 million Euros.

Non-executive, minority and independent directors

In accordance with the provisions of Law 262/2005 and subsequent amendments, the Company's Articles of Association establish that the composition of the Board of Directors meets the criteria established by law regarding the presence of independent directors within the Board. The Company complies with the Code and currently has three independent directors with a nine-member Board, of whom only Riccardo Ruggiero, Chief Executive Officer, is in possession of the executive powers authorized by the Board.

At the time of the appointment and, in any way, annually on the occasion of this Report preparation, the Board assesses the independence of the Directors, considering the information provided by the concerned individuals, and adequately informs the market by publishing said Report. In the light of this analysis, the existence of independence requirements for Assunta Brizio and Franco Grimaldi was confirmed and, for Paola De Martini, Anna Belova and Franco Grimaldi it was confirmed after the appointment of the new Board of Directors. The existence of the independence requirements for these Directors was confirmed by the Council at its meeting of 28 April 2017.

Regarding the administration and control tasks in other companies, the Board considered unnecessary to define general criteria about the maximum number of tasks compatible with the effective performance of the role of Director in the Company, without prejudice to the duty of each Director to assess the compatibility of the tasks of the director and auditor, possibly held in other companies listed on regulated markets, in financial, banking, insurance companies or of significant

size, with the diligent performance of the duties assumed as Director of the Company. The tasks held by current members of the Board of Directors as Directors of other listed companies, banks, financial or insurance companies or of significant size are listed below. It should be noted that none of the Directors holds any role in boards of auditors of other listed companies, banks, financial or insurance companies or of significant size.

The Company publishes in the special section entitled "Governance" on the www.tiscali.com Internet website, the professional curricula of its own Directors in order to allow Shareholders and investors to assess the professional experience and the authoritativeness of the members of the Board of Directors.

Meetings

The Board of Directors meets regularly and however at the time of approval of quarterly reports, six-month report and draft financial statements for the fiscal year. It is standard practice of the Board of Directors meeting to call to participate also managers and external consultants depending on the specific topics to be discussed, this also to ensure accurate and in-depth knowledge of the activities of the Company and the Group, as well as increase the supervisory ability of the Board of Directors over the business activity. As summarized in the table below, during the fiscal year 2016, the Board of Directors met ten times, while in 2017, up until the date of this report, the Board of Directors met three times. In most meetings participation was from all the Directors and auditors of the Board of Auditors, as detailed below.

The average duration of the Board meeting in 2016 and 2017 up to the date of this report was approximately 90 minutes.

Meetings	15 January 2016	16 February 2016	22 February 2016	25 March 2016	12 May 2016	28 June 2016	22 July 2016	29 July 2016	27 Sept. 2016	22 Nov. 2016	29 Nov. 2016	24 Feb. 2017	March 27, 2017	April 28, 2017
Directors Present	4/5	9/9	8/9	9/9	9/9	9/9	8/9	6/9	7/9	8/9	7/9	7/9	8/9	9/9
Percentage	80%	100%	89%	100%	100%	100%	89%	67%	78%	89%	78%	78%	89%	100%
Auditors Present	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3
Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The draft documents to be approved together with all the information and instrumental documents related to the various resolutions are previously sent to the Board of Directors and the Board of Auditors to be approved. Submittal is carried out by the Corporate Secretary's office, which collects the documents from the designated sectors and sends them as soon as possible. Generally the documentation is sent in a single action together with the director meeting summons; exceptionally, if not yet available, some documents may be sent after the summons but always well in advance of the meeting. It should also be noted that the practice, consolidated in case of particularly large or complex documentation, is to support the Directors with an executive summary, especially prepared by the relevant corporate departments, which summarizes the most significant and relevant points of the documents being considered by the Board.

On November 29, 2016, the Board of Directors approved the timetable for its meetings for the year 2017:

- April 28, 2017 (Approval of the Annual Financial Statement as at December 31, 2016),
- May 30, 2017 (Annual Shareholders' Meeting),
- September 12, 2017 (Approval of the Six-Monthly Report as at June 30, 2016).

Appointment of Directors

Article 11 (Board of Directors) of the Company's Articles of Association require for the Director appointment a list voting system that ensures the appointment of a certain number of Directors also among those present on the lists who did not obtain the majority of the votes and that guarantees the transparency and correctness of the appointment procedure. The right to submit lists is granted to Shareholders who, alone or together with other Shareholders represent at least the percentage of the Share capital required by applicable Law, in particular, Consob established that the shareholding required to submit a list for the year 2016 were equal to 2.5% of the share capital, while for the year 2017 were equal to 4.5% of the share capital. Then, the above-mentioned mechanism also guarantees minority Shareholders the power to propose their own lists. Everyone who has the right to vote may vote only one list. The Company adapted the appointment mechanisms to Law No. 120/2011 on gender equality concerning access to the administrative and control bodies of listed companies in regulated markets; therefore, each list must present a number of candidates belonging to the less represented gender, at least equal to the minimum number required by the applicable law.

The election procedure of Directors is as follows:

a.1) regardless of the number of the submitted lists, without prejudice to the limitations established by these Articles of Association, for the purposes of the division concerning the Directors to be elected, no lists will be taken into account which did not achieve a percentage of votes at least equal to half of that required by these Articles of Association for the submission of the lists themselves.

a.2) If only one list is submitted, all of its 9 candidates will be elected.

a.3) If two or more lists are submitted and none of them is voted at least by 34% of the share capital, the candidates will be divided between the various lists as follows:

a.3.a) in the presence of two lists, the following will be elected: (i) the first 6 candidates in the first list by number of votes expressed by the shareholders; (ii) the first 3 candidates in the second list by number of votes expressed by the shareholders;

a.3.b) in the presence of three lists, the following will be elected: (i) the first 4 candidates in the first list by number of votes expressed by the shareholders; (ii) the first 3 candidates in the second list by number of votes expressed by the shareholders; (iii) the first 2 candidates in the third list by number of votes expressed by the shareholders;

a.3.c) in the presence of four lists, the following will be elected: (i) the first 3 candidates in the first list by number of votes expressed by the shareholders; (ii) the first 2 candidates in the second list by number of votes expressed by the shareholders; (iii) the first 2 candidates in the third list by number of votes expressed by the shareholders; iv) the first 2 candidates in the fourth list by number of votes expressed by the shareholders;

a.3.d) in the presence of five lists, the following will be elected: (i) the first 3 candidates in the first list by number of votes expressed by the shareholders; (ii) the first 2 candidates in the second list by number of votes expressed by the shareholders; (iii) the first 2 candidates in the third list by number of votes expressed by the shareholders; iv) the first candidate in the fourth list by number of votes expressed by the shareholders; v) the first candidate in the fifth list by number of votes expressed by the shareholders;

a.3.e) in the presence of six or more lists, the following will be elected: (i) the first 3 candidates in the first list by number of votes expressed by the shareholders; (ii) the first 2 candidates in the second list by number of votes expressed by the shareholders; (iii) the first candidate in the third list by number of votes expressed by the shareholders; iv) the first candidate in the fourth list by number of votes expressed by the shareholders; v) the first candidate in the fifth list by number of votes expressed by the shareholders; vi) the first candidate in the sixth list by number of votes expressed by the shareholders

a.4) If two or more lists are submitted and only one of them is voted at least by 34% of the capital, the candidates will be divided between the various lists as follows:

a.4.a) in the presence of two lists, the following will be elected: (i) the first 6 candidates in the first list by number of votes expressed by the shareholders; (ii) the first 3 candidates in the second list by number of votes expressed by the shareholders;

a.4.b) in the presence of three lists, the following will be elected: (i) the first 5 candidates in the first list by number of votes expressed by the shareholders; (ii) the first 3 candidates in the second list by number of votes expressed by the shareholders; (iii) the first candidate in the third list by number of votes expressed by the shareholders;

a.4.c) in the presence of four lists, the following will be elected: (i) the first 5 candidates in the first list by number of votes expressed by the shareholders; (ii) the first 2 candidates in the second list by number of votes expressed by the shareholders; (iii) the first candidate in the third list by number of votes expressed by the shareholders; iv) the first candidate in the fourth list by number of votes expressed by the shareholders;

a.4.d) in the presence of five or more lists, the following will be elected: (i) the first 5 candidates in the first list by number of votes expressed by the shareholders; (ii) the first candidate in the second list by number of votes expressed by the shareholders; (iii) the first candidate in the third list by number of votes expressed by the shareholders; iv) the first candidate in the fourth list by number of votes expressed by the shareholders; v) the first candidate in the fifth list by number of votes expressed by the shareholders;

a.5) if two lists are voted by at least 34% of the capital and if no one of them reached a percentage of more than 50%, the provisions established in previous point (a.3) will be applied;

a.6) if two lists are voted by at least 34% of the capital and one of them reached a percentage of more than 50%, the provisions established in previous point (a.4) will be applied;

If, in all the cases specified in this point (a), one or more lists would have obtained a number of votes higher than the percentage mentioned in point a.1) but less than 5% of the share capital, for the purpose concerning the division of the directors to be elected: (i) only the most voted one will be considered; (ii) only the first candidate listed in that list will be elected; (iii) any remaining directors of this list based on the foregoing points a. 3.a), a.3.b), a.3.c), a.3.d), a.3.e), a.4.a), a.4.b), a.4.c) and a.4.d), as recalled in accordance with previous points a. 5) and a. 6), will be assigned to the list that came first by number of absolute votes, without prejudice to what is specified by them with reference to attribution of the directors of lists other than the first and the last ones.

If, according to the appointment procedure, at least two members in possession of the independence requirements established by the applicable law were not elected, the last one of the elected candidates who is not in possession of those requirements from the list that obtained the most number of votes expressed by the shareholders after the first one and which is not linked in any way, even indirectly, to the shareholders who submitted or voted for this last list, shall be replaced with the first candidate subsequently listed on that list, who is in possession of these requirements and, as a result of such a replacement, another member in possession of the independence requirements established by applicable law should be still elected, the last of the elected candidates who are not in possession of those requirements from the list that obtained the highest number of votes shall be replaced by the first candidate subsequently listed on that list who is in possession of such requirements.

If the Board of Directors elected in accordance with the foregoing does not allow the balance between the genders established by the applicable law, the last elected candidates of the most represented gender of the list which came first by number of votes expressed by the shareholders, expire from the office in a number needed to ensure compliance with the requirement and are replaced by the first non-elected candidates of the same list of the less represented gender. In the absence of candidates of the least represented gender within the list which came first by number of votes expressed by sufficient number of shareholders to make the replacement, the said criterion will apply to the subsequent lists of the most voted ones from which the elected candidates were chosen. If, by applying the above criteria, it is not possible to identify suitable substitutes, the Meeting integrates the body with the majorities of the law, ensuring compliance with the balance requirement between the genders established by current law.

Pursuant to the aforementioned Article 11 (Board of Directors), the lists containing the proposals for Director appointment must be filed at the registered office at least twenty-five days before the date established for the Shareholders' Meeting together with a description of the professional curricula of the designated persons and a declaration by which such persons accept the candidacy and attest that there are no reasons for ineligibility or incompatibility as well as the existence of the requirements of integrity and professionalism required by the applicable law and by the Articles of Association, substantially in line with the principles and application criteria contained in article 5 of the Code. No later than twenty-one days before the planned date for the Meeting, the lists and supporting documentation must be made public in the manner established by law. In the event of resolution on the appointment of individual members of the Board of Directors, the appointment mechanism cannot be applied by list voting, that article 11 (Board of Directors) of the Articles of Association requires for the sole case of full renewal of the administrative body.

Even if on the basis of the provisions of Article 11 (Board of Directors) and the above considerations, the Director appointment mechanism ensures a fair and respectful system for minorities, the Board of Directors however deemed appropriate that the Remuneration Committee would take functions also on the topic of appointments, thus becoming the Appointment and Remuneration Committee. For more information, also with reference to the information required by Article 123-bis, first paragraph, letter i and the Self-Governance Code, please refer to the Remuneration Report which will be submitted to the Shareholders' Meeting called to approve the financial statements as at December 31, 2016.

To date, the Board did not deem necessary to adopt a plan for succession of executive directors.

3.2 Shareholders' Meetings

In accordance with the principles and application criteria referred to in article 9 of Code, the Company encourages and facilitates the participation of Shareholders at Shareholders' Meetings, providing in compliance with regulations on price sensitive information, the information concerning the Company required by Shareholders. The Company, in order to facilitate information and participation of its own Shareholders, as well as to facilitate the obtaining of documentation that, under the terms and conditions of law, must be made available to them at the Company's registered office on the occasion of the Shareholders' Meetings, dedicated a proper section called "investor relations" of the www.tiscali.com Internet website, which allows access to such documentation in electronic format.

As suggested by the third application criterion referred to in article 9 of Code, the Shareholders' Meeting adopted its own Shareholders' Meeting Regulations, latest version of April 29, 2011, which is also available on the Company's website. The Shareholders' Meeting Regulations were adopted with the aim of ensuring the orderly and functional performance of the Shareholders' Meetings, clarifying the rights and duties of all the participants and establishing clear and unambiguous rules without in any way limiting or compromising the right of each member to express his/her opinions and make requests for clarification on the topics on the agenda. The Board of Directors considers that the

minority's prerogatives, when adopting shareholders' meeting resolutions are met, since the current Company Articles of Association do not require majorities other than those established by law.

According to article 2370 of Civil Code and article 8 (Participation in Shareholders' Meeting) of the Company Articles of Association, Shareholders are entitled to attend the Shareholders' Meeting for which the Company received the communication sent by the authorized intermediary pursuant to the provisions in force, certifying the ownership of the shares at the date of the so called record date, in addition to a possible vote authorization.

3.3 Board of Auditors

Appointment and Composition

Consistently with the first principle of article 8 of Code, with regard to the appointment of statutory auditors, the Company Articles of Association establishes in Article 18 (Board of Auditors), a list voting system which ensures transparent and correct appointment procedure and protection of the minority right.

Only the Shareholders who, alone or together with other Shareholders, prove on the whole to be holders of at least the percentage of the Share Capital required by applicable law. Five candidates must be listed on a lists with a progressive number, starting from those who have greater seniority. Consob established that the shareholding required to submit a list for the year 2016 was equal to 2.5% of the share capital, while for the year 2017 it is 4.5% of the share capital. Each Shareholder may submit or participate in the submission of a single list and each candidate may be registered in a single list under penalty of losing the right to be elected. The lists containing the appointment proposals must be filed at the registered office at least twenty - five days before the date established for the Shareholders' Meeting together with a description of the professional curricula of the designated persons and a statement by which such persons accept the candidacy and certify the non-existence of causes of ineligibility or incompatibility, as well as the existence of the requirements of integrity and professionalism required by applicable law and by the Articles of Association. No later than twenty-one days before the planned date for the Meeting, the lists and supporting documentation must be made public in the manner established by law.

Each Shareholder can vote only one list. The following shall be elected: a) two Statutory Auditors and two Alternate Auditors of the list that obtained the highest number of votes, in the progressive order with which they are listed; b) the third Statutory Auditor is the first candidate in the list that obtained the highest number of votes after the first one. In compliance with Law 262/2005, as amended by Legislative Decree 303/2006, the Chair of the Board of Auditors is owed to the person who came first in the list that obtained the highest number of votes after the first one. Also for the Board of Auditors, the Company supplemented the appointment mechanism so as to ensure, in any way compliance with Law 120/2011 on the so called gender equality.

Requirements

Article 18 (Board of Auditors) of the Articles of Association requires that at least one of the Statutory Auditors, and at least one of the Alternate Auditors, must be elected among the members of the Register of Auditors who exercised the statutory auditing of the accounts for a period of not less than three years. The Auditors who are not in the aforementioned condition must have a total experience of at least three years in carrying out specific activities, in any way, related to the company purpose and, in any case, to the telecommunication sector. Said article also requires that those who already hold tasks as statutory auditor in more than five listed companies cannot be appointed Auditors.

The Company publishes in the special section entitled "Investor Relations" on the www.tiscali.com Internet website, the professional curricula of its own Auditors in order to allow Shareholders and

investors to assess the professional experiences and the authoritativeness of the members of the Board of Auditors.

Activities

Members of the Board of Auditors operate autonomously and independently, in constant connection with the Control and Risk Committee, whose meetings are regularly attended by them, and with the Internal Audit department, in line with the principles and application criteria referred to in article 8 of Code.

During the fiscal year under review, the Board of Auditors met 16 times with the presence of the total number of Statutory Auditors, recording the meeting average duration of approximately two hours and half. For the fiscal year 2017, at least 15 meetings are scheduled, 6 of which were already held.

3.4 Committees established within the Board of Directors and other Governance bodies

At the date of this report, the following Committees are established within the Board: Control and Risk Committee, Nomination and Remuneration Committee, Related Parties Transactions Committee, Investment Committee and Extraordinary Finance Operations Committee. The Director responsible for the drafting of the Company accounting documents, the person responsible for Internal Control and the Supervisory Body remain in office until the approval of the financial statements as at December 31, 2017.

Control and Risk (deferment) Committee

With regard to the Control and Risk Committee, please refer to the next "Internal Control" paragraph.

Appointment and Remuneration Committee

The Company's Board of Directors established internally since March 2001 a Remuneration Committee, as required by the third principle of article 6 of Code and its application criteria. The Committee in office at the date of this report, appointed at the meeting of the Board of Directors held on February 16, 2016, is constituted by Paola De Martini (Chairman), Anna Belova, Franco Grimaldi, Dmitry Gavrilin and Sergey Sukhanov, last two replacing Konstantin Yanakov and Nikolay Katorzhnov, initially nominated and dismissed on February 24, 2017. The current Committee succeeds that elected at the Board meeting held on April 30, 2015, which appointed Franco Grimaldi (Chairman), Assunta Brizio and Gabriele Racugno, who failed after the resignation of the majority of the Directors in December 2015.

The Committee proposes to the Board of Directors the remuneration of the Chief Executive Officer and other Directors with special positions and, in general, recommendations on remuneration for Directors with Group strategic responsibilities, it assists the Board of Directors to prepare and implement any remuneration plans based on actions or financial instruments, it also assesses the adequacy and application of the Remuneration Policy. In addition, the Committee proposes appointments of directors, in case of cooptation, the top management of the Company and other company figures. Within its functions, the Committee may use external consultants at the expenses of the Company. The Committee meets whenever necessary, on the request of one or more members. The rules of the Articles of Association apply to the convocation and performance of meetings.

In 2016 and at the date of this report, the Appointment and Remuneration Committee met nine times: On January 15, February 16 and February 22, March 25, May 12, July 29, November 29, 2016 and February 24 and April 28, 2017. The Appointment and Remuneration Committee examined and

approved the annual remuneration reports, then approved by the Board of Directors and submitted to the Shareholders' Meeting, as well discussed and approved, then submitting them to the Board of Directors, the proposal to appoint certain company offices and agreements with the Executive Chairman and the Chief Executive Officer as fully described in the Remuneration Report of the year 2016. All the members of the Board of Auditors participated to the Committee. The meetings lasted on average approximately 30 minutes. Meetings scheduled for the 2017 fiscal year were already held.

Committee for Transactions with Related Parties

The Committee for Transactions with Related Parties is responsible for carrying out the functions required by CONSOB regulations and the Regulations for Transactions with Related Parties, adopted by the Company on November 12, 2010, and entered into force on January 01, 2011 (hereinafter referred to as the " OPC Regulation "), as subsequently amended on April 28, 2017. The OPC Regulation defines the rules, modalities and principles aimed at ensuring the transparency and the substantial and procedural fairness of the transactions undertaken with related parties put in place by Tiscali. The current Committee, appointed by the Board at its meeting held on February 16, 2016, is constituted by three non-executive and independent directors, Paola De Martini (Chairman), Anna Belova and Franco Grimaldi, and it succeeds that elected at the Board meeting held on April 30, 2015, which appointed Franco Grimaldi (Chairman), Assunta Brizio and Gabriele Racugno, who failed after the resignation of the majority of the Directors in December 2015. The roles of the Committee are as follows: (i) it expresses a non-binding and reasoned opinion on the Company's interest upon completion of less important transactions (as defined in the OPC Regulation) as well as on the convenience and substantial fairness of the related conditions; (ii) in the case of major transactions (as defined in the OPC Regulation), it is also involved in the negotiation stage and the preliminary stage and then it expresses a reasoned and binding opinion, except for special approval procedures, on the Company's interest upon transaction completion, as well as on the convenience and substantial fairness of the related conditions. During the fiscal year 2016 and up to the date of this report, the Committee met five times: On March 7, June 28, July 22 and September 27, 2016 and April 28, 2017. All the members of the Board of Auditors participated to the Committee. The meetings lasted on average approximately 30 minutes.

3.5 Internal Control

The Company formalized its organizational structure of internal control since October 2001. On March 25, 2004, as a result of changes to the Self-Governance Code of listed companies and the suggestions of Borsa Italiana Spa, the Board of Directors updated the organizational structure of the Company's internal control system; later, the structure was updated also to take into account changes in the Self-Governance Code. The current internal control structure is in line with the principles and application criteria contained in Article 7 of Code.

Internal Control System

The internal control system is the set of processes aimed at monitoring the efficiency of company transactions, reliability of financial information, compliance with laws and regulations, as well as the safeguard of company assets.

The Board of Directors has the full liability of the internal control system, of which it determines the guidelines and periodically verifies the adequacy and the effective functioning, ensuring that the main company risks are properly identified and managed. In addition to a continuous comparison and interchange among the various corporate bodies involved, the Control and Risk Committee prepares every six-months, on the occasion of the approval of annual financial statements and semi-annual report, a proper report on the governance system of the Company and the Group and on activities put

in place during the period; the information provided by the Supervisory Body and the Person in charge of the Internal Control are attached to the Committee report. The Board of Directors examines these information and evaluates the governance system together with the Internal Audit plans. With reference to the 2016 fiscal year, at its meetings held on March 25 and September 27, respectively, at the time of approval of the draft budget as at December 31, 2015 and the six-monthly report at June 30, 2016, the Board considered the internal control system in compliance with the Company's requirements, the applicable law and the recommendations contained in the Code, by approving the Internal Audit plans.

The Control and Risk Committee plays an essential role in the internal control system; for its duties and functioning, please refer to the next paragraph. The other bodies of the internal control system are: the Appointed Director, whose functions were assumed in the new Board established on February 16, 2016 by the Chief Executive Officer, the Person in charge of Internal Control and the Internal Audit function.

The Appointed Director operationally implements the Board of Directors' instructions on internal control and also identifies and manages the main company risks by submitting them to the Board of Directors' assessment. He proposes to the Board of Directors the appointment of the Person in charge of Internal Control and the Internal Audit function whose support he makes use to carry out his duties.

The Person in charge of the Internal Control is provided with means suitable to carry out his own functions and hierarchically does not depend on any person responsible for operational areas; he reports about his work to the Chief Executive Officer and the Board of Directors as well as to the Control and Risk Committee and the Board of Auditors, at least every three months. The Person in charge of the Internal Control has the operational responsibility for coordinating the activities of the Internal Audit function, since he, hierarchically, does not depend on any operational area manager and is in possession of the professional skills required to carry out his duties in line with the Code recommendations. In order to further strengthen the independence requirement, the Person in charge of the Internal Control and, consequently, the Internal Audit function report hierarchically to the Chairman of the Control and Risk Committee while, from the administrative point of view, they report to the Chief Executive Officer, whose powers include the provisions of suitable means to the Person in charge of the Internal Control and the Internal Audit function. The Control and Risk Committee, when examining the work plan prepared by the Person in charge of the Internal Control, also assesses the suitability of the means and resources provided to the Person in charge of the Internal Control and Internal Audit. On March 25, 2016, the Board of Directors, after consulting the Control and Risk Committee and the Board of Auditors, appointed Daniele Renna as the new Person in charge of the Internal Control.

During the period elapsed from the previous Report, the main activities carried out in the field of internal control by the Person in charge, the Committee and the Internal Audit function were as follows:

- assessment of the Group's governance and the activities carried out by the various control bodies;
- preparation of the six-monthly reports for the Board of Directors on governance activities;
- assessment of the Supervisory Board activity and updating, dissemination and application of the "Model of Organization, Management and Control" of the Group according to Legislative Decree 231/2001;
- Implementation of the 2016 audit plan, in particular with the verification of procedures to protect contractualization and customer activation, purchase of goods and services for the needs of the Company and collection and recovery of receivables from customers;
- preparation of the 2017 auditing plan;

- verification of the adequacy of administrative and accounting procedures for the preparation of the six-monthly report and 2016 financial statements in order to evaluate its effectiveness. This activity is also aimed at issuing the certificate referred to in article 154 bis of the TUF.
- Following the evaluations on the "Model of Organization, Management and Control" pursuant to Legislative Decree 231/2001, and the effectiveness of the administrative and accounting procedures, an update of the aforementioned Organization Model as well as administrative and accounting procedures was initiated in order to ensure full compliance with the requirements referred to in article 154 bis of the TUF. This activity requires the involvement of a specialized external company and, at the date of this report, selection of proposals received from the various companies involved for this assignment, is underway.

Control and Risk Committee

The Board of Directors, in line with the Code recommendations, established a Control and Risk Committee, with advisory and propositional functions, currently constituted by three independent Directors of the Company. The Control and Risk Committee has advisory and propositional functions with the aim at improving functionality and capability of strategic guidance of the Board of Directors in relation to the internal control system. In particular:

- a) It assists the Board of Directors in carrying out the guidance tasks of the internal control system and periodically verifies adequacy and effectiveness of its functioning, ensuring that the main company risks are properly identified and managed;
- b) It assesses the work plan prepared by the Person in charge of the Internal Control and receives periodic reports from him;
- c) It assesses, together with the administrative managers of the Company and the auditing firm, the adequacy of the accounting principles used and their homogeneity for the preparation of the consolidated financial statements;
- d) It assesses the proposals made by the audit firms to obtain the related assignment, as well as the work plan prepared for revision and the results outlined in the report and in the suggestion letter, and more generally interacts institutionally with the audit firm ;
- e) It assesses proposals for advisory assignments made by the auditing firm - or its subsidiaries - in favor of the Group companies;
- f) It assesses proposals for assignments of a consortium nature in favor of the Group companies, if they are of significant amount;
- g) It reports to the Board of Directors, at least once every six months, on the approval of the financial statements and the six-monthly report on the activities carried out and on the adequacy of the internal control system;
- h) It performs additional tasks assigned to it by the Board of Directors.

The entire Board of Auditors, its Chairman or a Statutory Auditor authorized by the Chairman of the Board, participate in works of Committee. In the light of the subject matters covered from time to time, the Chairman of the Control and Risk Committee may invite to participate in works, in addition to the Chief Executive Officer, other entities such as the Auditing firm, the General Manager or the Finance Director, if present, and the Person in Charge of preparation of accounting and financial documents, etc.

The meetings of the Control and Risk Committee are usually held prior to the meetings of the Board of Directors scheduled on the occasion of approval of the quarterly reports, the six-monthly report and

the project of financial statements, and in any way regularly at least once every six months. The Chairman of the Control and Risk Committee ensures that the members are provided, with reasonable advance of the meeting date, with the documentation and information required for the works, except in cases of necessity and urgency. However, a written summary of the Committee's work is prepared.

During 2016, the Control and Risk Committee met four times: On March 25, May 12, September 27, November 11; in 2017 on April 28. All Board meetings were attended by the entire Board of Auditors. In line with the agenda items, the following participated in the meetings: the Person in charge of Internal Control, the Supervisory Board and the Manager responsible for preparation of the Company accounting document and the representatives of the Audit firm or managers and consultants of the Company. All meetings were regularly called and recorded and on average, lasted approximately 80 minutes.

4. Internal controls related to accounting and financial information

4.1 Introduction

The Internal Control System on Corporate Information should be understood as the process that, involving multiple company departments, provides reasonable assurance about the reliability of financial information, reliability of accounting documents, and compliance with applicable law. There is a clear correlation with the risk management process, which consists of the identification and analysis process of those factors that can affect the achievement of the company purposes; the main purpose is to determine how such risks can be managed and adequately monitored and rendered harmless as far as possible. A suitable and effective risk management system can mitigate any adverse effects on company purposes, including reliability, accuracy, trustworthiness and timeliness of accounting and financial information.

4.2 Description of the main features of existing risk management and internal control systems in relation to the financial information process

A) Stages of the Internal Risk and Control System in relation to the financial disclosure process.

Financial information risk Identification

The identification of risk is carried out primarily through the selection of relevant entities (companies) at Group level and, subsequently, through the analysis of the risks that lie in the business processes from which the financial information originates.

This activity includes: (i) the definition of quantitative criteria in relation to the economic and equity contribution provided by the individual companies according to the latest accounting records and the selection rules with minimum relevance thresholds. The consideration of quality elements is not excluded; ii) identifying significant processes associated to data and material information, such as accounting entries for which there is a remote possibility of errors with a potential significant impact on the financial information.

For each significant account, it is also possible to identify the most relevant "assertions", always based on risk-based assessments. Statements in the financial statements are identified by existence, completeness, occurrence, assessment, rights and obligations, and presentation and disclosure.

Therefore, the risks relate to the possibility that one or more statements in the financial statements are incorrectly represented, with a consequent impact on the disclosure.

Financial information risk assessment

Risk assessment is carried out both at the company level and at the level of each specific process. The former includes risks of fraud, computer systems malfunctions or other unintentional errors. The latter includes risks associated with financial reporting (underestimation, overestimation of entries, inaccurate information, etc.) that are analyzed at the level of process-related activities.

Identification of controls against identified risks

First of all, attention is paid to controls at the corporate level that are linked to relevant data/information and relevant statements, which are identified and assessed both at the general and process monitoring level. Overall corporate controls are designed to prevent, detect and mitigate any significant errors, even though they do not operate at the process level.

Assessment of controls against identified risks

The assessment of the control system used is based on several elements: timing and frequency; adequacy; operational compliance; and organizational assessment. The overall analysis of the controls in place for each risk is defined as a summary of the process of assessing the adequacy and compliance level corresponding to such controls. These analyses summarize the effectiveness and efficiency of the individual risk controls, so that the overall risk management assessment is subdivided in: assessments of existence, adequacy and compliance. Information flows with the results of the activity carried out are submitted to the administrative bodies by the Manager in charge of supporting the statements accompanying the accounting documents.

B) Roles and Departments involved.

The Manager in Charge is basically at the top of the system and oversees financial reporting, informing the company's top management. To carry out the role, the Manager in Charge has the power to issue the organizational guidelines for an adequate structure within the department supervised; he/she has available the means and tools for carrying out the activity; and he/she has the opportunity to cooperate with other organizational units.

Multiple departments contribute to providing economic and financial information. Therefore, the Manager in Charge establishes a systematic and fruitful relationship with these departments. The Chief Executive Officer is required to promptly inform the Board of Statutory Auditors whenever there is a critical matter emerging in accounting, equity and financial matters.

The Consolidated Financial Statements department acts as an intermediate level link between the Manager in Charge and the Administrative Advisors within the Tiscali Group, by collecting, verifying, assembling, and monitoring the information received from the Tiscali Group. The Consolidated Financial Statements Department cooperates with the Manager in Charge of the accounting documentation and related updating over time. The Group's Administrative Advisers collect operational information, verify and ensure adequate information flows on the matter of implementation of external legislation from time to time applicable.

Among the above mentioned three levels, a constant flow of information occurs, through which the Advisers inform the Consolidated Financial Statements Department and the Manager in Charge regarding the methods used to manage and control the preparation of the accounting documents and financial information, any critical matters that may have arisen during the period, and remedies for overcoming any issues.

It is believed that the template used will provide sufficient guarantees for proper accounting and financial reporting.

5. MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL PURSUANT TO LEGISLATIVE DECREE 231/2001

The company has for some time adopted the “Organization, Management & Control Model pursuant to Legislative Decree 231/2001” (hereinafter the Model), in the year 2010, the update process was completed, mainly aimed at adapting the Model to new regulatory interventions and to the new Company, and Tiscali Group, scenario, the new Model and Ethical Code were approved by the Board of Directors on November 12, 2010. Subsequently, at the May 14, 2013 meeting, the Board approved the new Model, updated to the new regulatory interventions especially in regards to crimes against the Public Administration, the individual person, work and environmental safety. The Model is applied also to the other companies controlled by the Group, Tiscali Italia S.p.A. and Vevisible Srl, jointly agreed with their specificity and risk profile.

The Board of Directors of April 30, 2015 has appointed the new Oversight Body that replaces the previous one expiring with the approval of the 2014 financial statements. To ensure the independence and effectiveness of the Oversight Body, it is currently composed of two qualified members outside of the Company and an internal member: lawyer Maurizio Piras, an external member with role of President, Dr. Paolo Sottili, Manager of the Company's HR and lawyer Angelo Argento, external member. Following the resignation of Paolo Sottili at the Board meeting on November 29, 2016, Daniel Renna was appointed member of the Oversight Body. The body thus formed expires with the approval of the 2017 fiscal statements, and until that date also operates for the subsidiaries of Tiscali Italia S.p.A. and Vevisible Srl.

6. Procedure regarding related-party transactions

On April 28, 2017 with the favorable opinion of the Independent Directors, the Board of Directors of the Company approved the new Regulation for the related-party transactions (the Regulation) in accordance with article 2391-bis of the Italian Civil Code and to Consob Regulation 17221 of 12 March 2010, available on the Company website www.tiscali.com in the section “Documents/Information Documents”. The Regulation that governs related-party transactions by Tiscali S.p.A. and subsidiaries or affiliated companies, replaced the previous existing one and entered into force May 1, 2017. In the 2016 fiscal year four significant transactions with related-parties were examined pursuant to the Regulation, among which the non-guaranteed convertible bonds “Tiscali conv-2016-2020”.

7. Confidential information and market information. Investor Relations

An Investor Relations department is active in the company to establish a dialog with Shareholders and Investors. The role of the Investor Relations department, among other things, organizes the press releases and, in accordance with the type of press releases, it carries out in conjunction with the Legal and Corporate Affairs, the internal approval procedure. Furthermore, it also manages their

publication, including through a network of qualified external companies that professionally carry out such activity.

Information is provided not only through press releases, but also through regular meetings with investors and the financial community, as well as extensive documentation available on the website www.tiscali.com under the heading investor relations. The use of online communication, which is mainly used by the non-institutional public, is considered strategic by the Company, as it makes it possible to disseminate the information in a uniform manner. Tiscali commits to systematically care for the precision, completeness, continuity and updating of financial content delivered through the Company's Internet website. Furthermore, it is also possible to contact the Company through a specific email address (ir@tiscali.com).

The Directors, auditors and top management of Tiscali and its subsidiaries are bound by the confidentiality of the documents and information acquired in the performance of their duties. Any report of such subjects with the press and other mass media, as well as with financial analysts and investors, involving confidential documents and information concerning Tiscali or the Group may only be made through the investor relations manager, with the exception of interviews and statements Issued by the Executive Directors.

The company managers and all employees and collaborators are expected to maintain the documents and price sensitive information obtained on the basis of and in the performance of their duties and must not communicate it to others except for office or professional reasons, unless such documents or information have already been made public in the prescribed forms. Such subjects are prohibited from releasing interviews with press organizations, or public statements in general, that contain information on relevant facts, qualifying as "privileged" within the meaning of article 181 of the Legislative Decree 58/1998, that have not been included in press releases or documents already available to the public, or expressly authorized by the Investor Relations department. In accordance with the provisions of paragraph 2 of article 114 of the Legislative Decree 58/1998, the Company has set up procedures for the communication of various company functions to the Investor Relations department regarding events deemed price sensitive.

In compliance with article 115-bis of the Legislative Decree 58/1998, related to keeping and updating the register of persons who have access to Price Sensitive information, the Company has established, through the Investor Relations Department a register of the people who, because of their work or professional activity have access to this type of information. In accordance with the above legislation, the register, computerized, contains: the identity of every person with access to privileged information, the reason why that person was entered in the register, the date the person was entered in the register, the date of any information update related to the person.

The Board of Directors, at its meeting on April 28, 2017, approved the procedures for managing the register of persons with access to privileged information and the business procedure for the disclosure of privileged information to the public.

