



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to Article 123-*bis* of Legislative Decree no. 58 of 24 February 1998

2015

(Report approved by the Board of Directors on 21 March 2016)

Rai Way S.p.A.

Registered office in Via Teulada no. 66, Rome (Italy)

Tax ID and VAT number and Rome Companies' Register no.: 05820021003

Fully paid-up Share capital €70,176,000.00

Company subject to management and coordination by

RAI - Radiotelevisione italiana S.p.A.

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1 DEFINITIONS

Appointed Director	The director appointed to establish and maintain an effective internal control and risk management system (ICRMS), referred to in Section 10.3.2 of this Report.
Shareholders' Meeting	The Shareholders' Meeting of Rai Way.
Borsa Italiana	Borsa Italiana S.p.A., with registered office at Piazza degli Affari no. 6, Milan (Italy)
Corporate Governance Code	The Corporate Governance Code for listed companies prepared by the Corporate Governance Committee for listed companies promoted by the Borsa Italiana (July 2014 edition)
Code of Ethics	The corporate code of ethics, which forms an integral part of the Organisational, management and control model (Model 231), described in Section 10.6 of this Report.
Inside Information Policy	The policy on handling inside information approved by the Board of Directors, described in Section 10.9 of this Report.
Board of Statutory Auditors	The board of statutory auditors of Rai Way.
Board of Directors or Board	The board of directors of Rai Way.
First Trading Day	The first day Rai Way's shares were traded on the Italian Stock Exchange (MTA), i.e. 19 November 2014.
Financial Reporting Manager	The manager charged with preparing the company's financial reports, pursuant to Art. 154- <i>bis</i> TUF, referred to in Section 10.3.6 of this Report.
RAI Group or Group	The group of companies led by Rai, which includes its controlled companies pursuant to Art. 2359 of the Italian Civil Code.
Organisational, management and control model or Model 231	The organisational, management and control model pursuant to Legislative Decree no. 231 of 8 June 2011, as amended.
Monte Titoli	Monte Titoli S.p.A., with registered office at Piazza Affari, no. 6, Milan (Italy)
MTA	Mercato Telematico Azionario – the Italian equities market managed by Borsa Italiana.
New Service Agreement	The service agreement signed on 31 July 2014

(effective from 1 July 2014) between Rai Way, as supplier and RAI, as principal, for the provision of "turnkey" services.

New Passive Service Agreement	The service agreement signed on 31 July 2014 (effective from 1 July 2014) between Rai, as supplier and Rai Way, as principal.
Global Offer of Shares or Global Offering	The global public offering of shares by Rai with the aim of listing the Company's shares on the MTA, concluded on 19 November 2014.
Supervisory Board	The Supervisory Board pursuant to Legislative Decree no. 231 of 8 June 2011, as amended.
Related Party Procedure	The procedure concerning related party transactions, adopted by the Company in accordance with the provisions of Art. 2391-bis of the Italian Civil Code and the Regulation on Related Party Transactions (as defined below).
Rai or Parent	RAI - Radiotelevisione italiana S.p.A., with registered office at Viale Giuseppe Mazzini no. 14, Rome (Italy)
Rai Way or Issuer or Company	Rai Way S.p.A., with registered office at Via Teulada no. 66 Rome (Italy)
Shareholders' Meeting Regulation	The shareholders' meeting regulation, pursuant to Criteria 9.C.3 of the Corporate Governance Code, in order to permit an orderly and effective conduct of shareholders' meetings.
Board Regulations	The rules and regulations of the Board of Directors, approved by this Board, in accordance with Art. 23.1 of the Articles of Association, which governs the functioning and powers of the Board, in compliance with the provisions of law and the Articles of Association.
Management and Coordination Regulation	This regulation covers the management and coordination activities exercised by Rai on Rai Way, approved by the Board of Directors of the Issuer and the Parent on 4 September 2014 and effective as of the First Trading Day.
Issuers' Regulation	The CONSOB regulation adopted with resolution no. 11971 of 14 May 1999, as amended.
Market Regulation	The regulation adopted by CONSOB with Resolution no. 16191 on 20 October 2007, as amended.
Regulation on Related Party	Regulations containing provisions relating to

Transactions	transactions with related parties, adopted by CONSOB with resolution no. 17221 on 12 March 2010, as amended.
Report	This report on corporate governance and the ownership structure
Internal Auditing Manager	The individual responsible for the Internal Auditing function, referred to in Section 10.3.4 of this report.
ICRMS	Acronym of "Internal Control and Risk Management System", as described in Part 10 of this report.
Independent Auditors	PricewaterhouseCoopers S.p.A., engaged to perform the statutory auditing of the Issuer's accounts.
Articles of Association	The Articles of Association of Rai Way
Consolidated Law on Finance or TUF	Legislative Decree no. 58 of 24 February 1998, as amended.

2 ISSUER PROFILE

2.1 *Corporate governance profile*

The term corporate governance means the set of rules and, more in general, the corporate governance system for the management and control of corporations.

Rai Way is a company with shares listed on the Borsa Italiana Electronic Stock Market (MTA) since 19 November 2014 (i.e. the date of completion of the Global Offering promoted by Rai shareholders).

In view of and for the purpose of listing its shares, the Board of Directors resolved to adopt the Corporate Governance Code on 4 September 2014; as of that date, the Company gradually adopted a number of resolutions to bring its corporate governance system into line with the Corporate Governance Code, starting on the First Trading Day.

Rai Way has adopted a governance system in line with all applicable laws and regulations and consistent with international best practice principles: we would like to emphasize the central role of the Board of Directors and the objectives to properly manage any conflicts of interests, to ensure the efficiency of the internal control system and to provide transparency to the market.

Unless otherwise indicated, the information contained in this report refers to the financial year ended 31 December 2015.

2.2 *Information on the management system and corporate bodies*

The Company has adopted a so-called traditional management system, which highlights the role of the Board of Directors as the management body, while the Board of Statutory Auditors is responsible for the control function. The governance structure and the overall organizational structure are also in line with the objective of maximising management efficiency to create greater value for all of our shareholders.

The bodies of the Company are the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The powers and operating procedures of the corporate bodies are governed by the law, the Articles of Association and the resolutions passed by the competent bodies, depending on the case.

Shareholders' Meeting

The Shareholders' Meeting is the sovereign body that expresses the Company's will through its resolutions.

The Shareholders' Meeting passes resolutions, in ordinary and extraordinary sessions, on matters assigned to it in accordance with the law and the Articles of Association. In particular, the ordinary meeting must be called at least once a year, within one hundred and twenty days from the end of the financial year, or within one hundred and eighty days, in the cases permitted by law and in the manner prescribed by law. In any event, the Shareholders' Meeting is convened, in ordinary or extraordinary sessions, any time the Board of Directors considers it appropriate and in other cases provided by current laws and regulations.

Shareholders' Meetings are convened through a notice to be published in accordance with the procedures and time limits and contain the content set out in applicable laws and regulations. Shareholders' meetings of Rai Way are held in a single call, unless the Board of Directors, for a certain session, resolves to provide a date for the second call and, if necessary, the third call, giving notice thereof in the notice of call.

See Part 15 of this report for additional information.

Board of Directors

The Board of Directors shall be solely responsible for managing the company and shall work with the diligence required in accordance with the nature of the duty and on the basis of the specific skills of each of its members.

The Board of Directors shall have all powers of management of the Company and the right to carry out all the actions considered necessary or advisable to implement the corporate purpose, with the sole exception of those actions which the Articles of Association reserve to the Shareholders' Meeting. The operating procedures and duties of the administrative body are governed by specific regulations, adopted by the Board in compliance with applicable laws, regulations and the Articles of Association.

Members of the Board of Directors are elected using the so-called slate vote system, i.e. based on lists submitted by shareholders who, on their own or together with other shareholders, own Rai Way shares representing at least 2.5% of the share capital with voting rights or representing a lower percentage established by mandatory provisions of law or regulations.

See Part **Errore. L'origine riferimento non è stata trovata.** of this report for additional information.

Board of Statutory Auditors

The Board of Statutory Auditors is the supervisory body of Rai Way comprising three standing auditors and two substitute auditors. Auditors are elected using the so-called slate vote system, i.e. based on lists submitted by shareholders who, on their own or together with other shareholders, hold shares with voting rights representing at least the percentage of share capital established by applicable law or regulations.

See Part 12 and 13 of this report for additional information.

2.3 Qualification as "SME" for the purpose of the provisions of TUF

On the date of this report, also for the purpose of the application of several regulations on corporate governance and ownership structures contained in the Consolidated Law on Finance (i.e. the TUF), Rai Way qualifies as a "SME" pursuant to Article 1, [1][w-quarter 1] TUF ⁽¹⁾.

2.4 Powers of the Italian government (so-called golden powers)

The ability of the Issuer to adopt certain corporate resolutions or purchase certain equity interests in the Issuer by non-EU investors which are considered material for the purposes of control could be limited by special powers of the Italian government ("golden powers") granted by Law Decree no. 21 of 15 March 2012 converted with amendments into Law no. 56 of 11 May 2012, which governs the government's special powers with respect, inter alia, to strategic assets in the communications sector,

as identified by Article 3 of Presidential Decree no. 85 of 25 March 2014. Strategic assets include: (i) dedicated networks and the access public network to final customers in connection with metropolitan networks, service routers and long distance networks; (ii) installations used for end users' access to services under universal service obligations and to

⁽¹⁾ Pursuant to Art. 1(1) (w-quarter.1) TUF, "SME" means; *"without prejudice to what is contemplated by other provisions of law, listed small and medium enterprises, whose sales also prior to the admission of their own shares for trading, have a turnover of less than Euro 300 million, or which have a market capitalisation of below Euro 500 million. Issuers of listed shares which have exceeded both the aforesaid limits for three consecutive years are not considered SMEs. Consob establishes by regulation the implementation provisions of this letter, including the disclosure obligations of such issuers in respect of the acquisition or loss of the qualification of SME. Consob, on the basis of the information provided by the issuers, publishes the list of SMEs on its own Internet site".*

broadband and ultra-broadband services, including the relevant contractual relationships; (iii) apparatuses dedicated to connectivity (voice, data and video), safety, control and management in relation to fixed telecommunications access networks.

In particular, Article 2 of Decree Law 21/2012 establishes that – with reference to companies holding one or more of these strategic assets, the government may:

- (a) veto any resolution, action or transaction which – may determine a change in the ownership, control or availability of the assets or change their destination- give rise to an exceptional circumstances, not governed by national and European law, that present an actual threat to public interest of safety and operation of the networks and plants, as well as the continuity of supplies (paragraph 3);
- (b) make the validity of the purchase for any reason – by non-EU parties- of any controlling shareholding in companies holding strategic assets conditional on the purchaser's permanent establishment, pursuant to Art. 2359 of the Italian Civil Code and Art. 93 TUF, if the aforesaid purchase present an actual threat to public interest of safety and operation of the networks and plants, as well as the continuity of supplies, the purchaser's undertaking of direct commitments aimed at ensuring the protection of the aforesaid interests (paragraph 6);
- (c) object to the purchase referred to in letter (b) in exceptional cases of risk for the protection of the aforesaid interests, which may not be removed by the purchaser undertaking specific commitments to ensure the protection of the aforesaid interests (paragraph 6).

Article 4 of Presidential Decree no. 85/2014, in any case:

- establishes that the special powers shall apply to the extent to ensure the protection of the basic interest of the Italian government, including those connected to the development of adequate infrastructure, not sufficiently guaranteed by the existence of an industry-specific regulation, also of a contractual nature connected to a specific concessionary agreement;
- excludes from the application of special powers "*types of acts and transactions implemented within the same group [...] related to mergers, divisions or disposals, also of equity investments when the relevant resolutions of the Shareholders' meetings or of the administrative bodies do not involve the transfer of the company or business units thereof or of subsidiaries, or transfer of the registered office, amendment of the company purpose, the dissolution of the company or amendment of any provision of the Articles of Association adopted by the Company pursuant to Article 2351(3) of the Italian Civil Code, or introduced pursuant to Article 3(1) of Law Decree no. 332 of July 30, 1994, converted with amendments by Law no. 474 of 30 July 1994, as amended, or, lastly, the establishment or transfer of ownership rights or rights of use related to tangible or intangible assets or acceptance of restrictions constraining their use*". This exclusion does not apply where there are sources of information on the threat of serious damage to public interests related to the safety and operation of networks and plants, as well as the continuity of supplies.

The procedures for exercising special powers in the communication sector are laid down in Decree of the President of the Republic no. 86 of 25 March 2014.

Power of veto in connection with the adoption of certain corporate resolutions

For the purpose of exercising the powers set out in letter (a) above, the company holding the strategic assets, must notify the prime minister of the resolution with a complete report on the resolution within ten days and, in any case, before implementation of the resolution. The prime minister communicates its intention to exercise its veto power within fifteen days following notification. The veto power may also be exercised in the form of imposition of specific requirements or conditions sufficient to safeguard public interests concerning the safety and operation of the networks and plants, as well as the continuity of

supplies. If no measure is imposed within the 15 day deadline, the transaction shall be considered clear.

Resolutions or deeds approved in breach of a veto are null and void. The prime minister may also order the company and the counterparty, if any, to reinstate the prior situation at their own cost and expense. Unless the act constitutes an offence, any person who does not comply with the provisions on exercising veto power shall be subject to a fine of up to twice the value of the operation, however no less than 1% of the enterprises' cumulative turnover in the most recent financial year for which financial statements have been approved.

Power to impose conditions or oppose the purchase of shareholdings

To exercise the powers listed in letter (b) and (c) above, the non-EU party who acquires a significant holding must provide notification of the acquisition, within ten days after its execution, to the prime minister, together with any other information useful for providing a general description of the proposed acquisition, the purchaser and area of operations. The prime minister provides notice of any imposition of conditions or the exercise of the power of opposition, within fifteen days of the notification. Until the expiry of the deadline for the imposition of conditions or for the exercise of the power of opposition, voting rights and rights unrelated to economic rights associated with the shares representing the relevant shareholding are suspended.

If the prime minister exercises the power to impose conditions and if the conditions imposed upon the purchaser are infringed or not complied with (and for as long as any such infringement or non-compliance continues), then voting rights and rights unrelated to economic rights associated with the shares representing the relevant shareholding are suspended. Any resolutions adopted with the decisive vote of such shares or quotas, as well as resolutions, agreements or actions adopted in breach of the conditions imposed, will be null and void. Unless the relevant conduct constitutes a criminal offense, a purchaser who fails to honour the conditions imposed will be subject to a fine equal to twice the value of the transaction but no lower than 1% of the turnover produced in the most recent financial year for which financial statements have been approved.

If the prime minister exercises the power to oppose the shareholder's acquisition, the purchaser may not exercise voting rights or rights other than economic rights, related to the shares representing the relevant shareholding, and shall be required to transfer those shares within one year. In the event of failure to comply with this requirement, the Court, at the request of the prime minister, shall order the sale of the above shares in accordance with the procedures laid down in Art. 2359-ter of the Italian Civil Code. Any Shareholders' Meeting resolutions adopted with the decisive vote of these shares shall be null and void.

2.5 *Transfer of equity interests in the share capital of the Issuer by Rai shareholders*

Rai exercises control of Rai Way pursuant to Art. 93 TUF.

Decree Law no. 66 of 24 April 2014 converted with amendments into Law no. 89 of 23 June 2014 provides, under Article 21(3), that "*for the purposes of streamlining, rationalization and industrial restructuring of the equity investments held by RAI S.p.A., the company may proceed to sell on the market, in a transparent and non-discriminatory manner, Rai Way shares, while ensuring the continuity of service provided. The methods of disposal are identified by the decree of the Council of Ministers adopted on proposal by the Ministry of Economy and Finance in agreement with the Ministry of Economic Development*".

On 8 May 2014, Rai notified the prime minister its intention to launch the Global Offering. Prime Ministerial Decree (DPCM) of 2 September 2014 set out the criteria and processes to be followed for the disposal of the investment in the share capital of Rai Way held

indirectly by the Ministry of the Economy and Finance. (14A07488) (Official Gazette general series no. 229, dated 2 October 2014) and thereby authorized the disposal of the equity investment as part of the Global Offering.

Rai notified the prime minister of the Global Offering as required. Following this notification, no notification was received within the time limits prescribed by the implementing decree illustrated in Section 1.4 above concerning the possible exercise of golden powers (see Section 1.4) by the prime minister addressed to Rai. On 23 October 2014, the following statement was published on the Prime Minister's website: "*the Council of Ministers has accepted the proposal of the Minister of the Economy and Finance not to exercise the power of veto in relation to [...] the authorization of the sale of minority share in the shareholding of Rai Way S.p.A. aimed at obtaining a market listing*".

2.6 *Equity investments in other companies*

As at the date of this Report, Rai Way does not have equity interest in the share capital of other companies, nor did they have any in FY 2015.

3 INFORMATION ON OWNERSHIP STRUCTURES (ART. 123-BIS [1] TUF) AS AT 31 DECEMBER 2015

3.1 Capital structure

The share capital of Rai Way amounts to €70,176,000.00, fully paid-in, divided into 272,000,000 ordinary shares with no par value. No other classes of shares exist other than those classified as ordinary.

All shares, which are registered, have the same characteristics and confer the same rights on the holder. Specifically, each share gives the right to one vote in the ordinary and extraordinary Shareholders' meetings, as well as the administrative rights provided by applicable provisions of law and the Articles of Association.

3.2 Restrictions on transferability of shares

The shares are registered and freely transferable in accordance with the law and Articles of Association.

The acquisition of certain equity interests in the Issuer by non-EU investors which are considered material for the purposes of control could be limited by the special powers of the Italian government (“*golden powers*”) granted by Decree Law no. 21 of 15 March 2012 converted with amendments into Law no. 56 of 11 May 2012. Further information is provided in Part 1, Section 1.4 of this Report.

For information on the methods of transferring equity investments in the Issuer's share capital by the shareholder Rai, see Section 1.5 of the Report.

3.3 Significant holdings

Based on the Shareholders' Register, the communications received pursuant to law, and the other information available on the date of this report, the shareholders with ownership of more than 5% ⁽²⁾ of capital with voting rights, on the date of this Report, as at 31 December 2015 are listed in TABLE 1, attached to this Report.

⁽²⁾ In consideration of the fact that the Issuer qualifies as a “SME” pursuant to Art. 1 (1) (*w-quarter.1*) TUF, the percentage applicable for the purposes of disclosure obligations pursuant to Art. 120 (2) of the TUF, is 5%..

3.4 Securities that grant special rights

No securities have been issued that grant special rights of control.

3.5 Employee shareholdings

As part of the Global Offering, it was provided that to 565 “employees” ⁽³⁾, beneficiaries of Rai Way shares who maintained, on an uninterrupted basis, full ownership of those shares for twelve months from the First Trading Day (i.e. 19 November 2014), and provided that those shares remain deposited at a placement agent or other member institution of Monte Titoli, would be entitled to 1 (one) free share of the Company for every 10 (ten) shares assigned as part of the Global Offering.

On 17 February 2016, following the results of the requests for the assignment of bonus (free) shares, "employees" meeting the above requirements were assigned 87,323 ordinary Rai Way shares made available by Rai ⁽⁴⁾.

Notwithstanding the foregoing, there is no employee stock ownership plan for Rai Way employees.

3.6 Restrictions on voting rights

There are no restrictions on shareholder voting rights

3.7 Shareholders' agreements

The company is not aware of any shareholders' agreements pursuant to Art. 122 or the TUF.

3.8 Change of control clauses

Given the interest held by the controlling shareholder Rai and given the legislative framework within which it operates, the Company cannot be taken over.

Notwithstanding the foregoing, the Company is party to several agreements that contain change of control clauses. In particular:

- (i) the intercompany current account agreement entered into between Rai and Rai Way on 17 November 2014, instrumental in providing Rai the funding needed to settle the mutual credit and debit balances resulting from several residual payment services provided under the New Passive Service Agreement including, but not limited to, the management of advances to employees at headquarters or regional offices and the liquidation of other items within the Group, not relating to the services rendered pursuant to the New Passive Service Agreement. The above residual payment services do not include, in any case, payments resulting from the New Service Contract. Under the new intercompany current account agreement Rai Way has been given the option to deposit its liquid assets in favour of Rai in an additional intercompany current account. Specifically, the Issuer is required to provide information on the technical characteristics of the deposit in terms of

⁽³⁾ For the purposes of this Offering, "employees" were considered as those of Rai Group companies, including Rai Way, residing in Italy and in service as of 30 September 2014, under an open-end or fixed contract (including professional apprenticeship contracts), registered, as at 30 September 2014, in the employee registers in accordance with current Italian legislation.

⁽⁴⁾ For the sake of full disclosure, we note that on the same date, 191,576 ordinary Rai Way shares made available by Rai in the ratio of 1 (one) share of the Company for each 20 (twenty) shares assigned as part of the Global Offering were allocated for free to the "general public" – with the same conditions applied to the free allocation of ordinary Rai Way shares to employees.

effective date, duration and amount. In the event of an agreement is reached with Rai, the financial terms, the conditions for the deposit shall be covered in a separate agreement; however, it remains understood that the liquidity may be repaid to Rai Way on the agreed expiry date or in advance, provided that at least five days notice is given. This agreement shall automatically terminate in the event of loss of control, direct or indirect, of Rai over Rai Way;

- (ii) the agency agreement, signed between Rai and Rai Way on 17 November 2014, through which Rai was granted powers to arrange payments and receipts, respectively, of the receivables and payables arising from the settlement of several intragroup items, mainly in connection with clearing activities, through Rai, of the accounts receivable and accounts payable amongst Group companies (i.e. netting). This activity does not include, in any case, payments resulting from the New Service Contract, which go directly in the Company's current accounts and are managed independently. This agreement, which has a term of one year, is tacitly renewable unless terminated by either party, subject to at least three months notice before its expiry, and provides for automatic termination in the event of loss of control, direct or indirect, of Rai over Rai Way;
- (iii) the loan agreement entered into on 15 October 2014 between Rai Way and Mediobanca - Banca di Credito Finanziario S.p.A., BNP Paribas S.A., Intesa Sanpaolo S.p.A. and UBI Banca Società Cooperativa per Azioni, as lending banks, for a medium term loan divided into two credit facilities, both maturing on 30 September 2019. More specifically: (i) a term credit facility of up to €120,000,000.00; and (ii) a revolving credit facility of up to €50,000,000.00. The above agreement requires, inter alia, in line with market practice, the obligation to repay within five business days if there is a change in control of the Company. At the date of this Report, the amount paid out in favour of the Issuer, in accordance with the aforementioned loan agreement is €120,000,000.00, under the term credit facility, while the revolving credit facility had not been used.

3.9 Provisions in the Articles of Association regarding takeover bids

The Articles of Association contain no exemptions from the rules of the Consolidated Law on Finance (Testo Unico Finanziario or TUF) with regard to public takeover bids, including Art. 104(1) and Art. 104(2) TUF (the passivity rule) and the other exemptions and options stated in Art. 106 TUF arising from the company's status as an SME (see Part I, Section 1.3 of the Report). Nor do the Articles of Association call for enforcement of the neutralization rules provided for in Art. 104- bis TUF.

3.10 Authorization to increase the share capital and/or purchase treasury shares

As of this Report, there are no shareholder resolutions giving the Board of Directors the authority to increase the share capital pursuant to Art. 2443 of the Italian Civil Code, nor are the directors authorized to issue bonds convertible into ordinary or savings shares or bonds with warrants for the purchase of shares; likewise, there are no resolutions authorizing the purchase of treasury shares pursuant to Arts. 2357 et. seq. of the Italian Civil Code. However, on the date it approved this report, the Board of Directors resolved to ask the shareholders' meeting that will be called to approve the 2015 financial statements—scheduled for 28 April 2016—to authorize the purchase and disposal of treasury shares, in accordance with Art. 2357 of the Italian Civil Code and Art. 132 TUF and Art. 44-bis of the Issuers' Regulations. See the Directors' Report for further information on this proposal, which can also be consulted, further to its publication in accordance with the law, on the company's website (Corporate Governance/Assemblea Ordinaria del 28 aprile 2016).

3.11 Management and coordination activities

Rai Way is subject to the management and coordination of Rai pursuant to Articles 2497 et. seq. of the Italian Civil Code.

On 4 September 2014, the Boards of Directors of Rai and Rai Way, to the extent of their competence, approved the Management and Coordination Regulation of Rai, the provisions of which pertain only to the Company, excluding, therefore, all companies in the Rai Group, except Rai Way, subject to the management and coordination of the Parent Company. This Management and Coordination Regulation, which became effective on First Trading Day, aims on the one hand to match the need for an informational link and functional interaction underlying Rai's management and coordination activities and on the other to ensure that Rai Way's status as a listed company leads to its operational and financial autonomy at all times.

Pursuant to the provisions of the above regulation, Rai mainly performs its management and coordination activities with respect to Rai Way in the following manner:

- (a) the drafting of certain general rules designed to coordinate – to the extent possible and in accordance with the respective needs – the main guidelines for the management of Rai and Rai Way;
- (b) the requirement for Rai Way to inform the Parent Company in advance before approving or executing, depending on the case, any operations and/or transactions, determined and drawn up independently within Rai Way, that are considered to be of particular significance and importance with respect to the strategic lines and planning of the operations of the Rai Group;
- (c) the requirement for Rai Way to provide certain information necessary in accordance with the regulation and general operational guidelines.

With particular regard to personnel and the remuneration policies, pursuant to the Management and Coordination Regulation, Rai Way has exclusive responsibility for every decision regarding the appointment and hiring of the Company's personnel and executives, the management of employment relationships and the establishment of remuneration policies, including setting the career paths and implementing the appraisal and incentive systems for executives, in respect of which Rai has no power of veto. The Parent Company may adopt specific procedures, which will also be autonomously implemented by Rai Way, directed solely towards compliance with transparency and non-discriminatory criteria which must be a distinct feature, among other things, of the procedures for appointing and hiring the personnel of bodies governed by public law (for more information on remuneration, see the contents of Part 8 of this Report)

With reference to the requirements provided under Art. 37 of the Market Regulations, the Board of Directors, at the meeting held on 18 September 2014, confirmed, after verification and with the favourable opinion of the Board of Statutory Auditors, that on the First Trading Day all requirements laid down in Article 37 of the Market Regulation had been met for the purpose of listing shares, also taking into account the new financial structure to be initiated by the Issuer on the First Trading Day and, in particular, the termination of the centralized treasury agreement in force on that date. These requirements continued to be met in the financial year ending on 31 December 2015, and the situation remains the same on the date of this Report.

4 COMPLIANCE

Rai Way has complied with the Corporate Governance Code since the First Trading Day, as resolved by the Board of Directors on 4 September 2014.

This Report was prepared with Borsa Italiana's recommended format (version V of January 2015) in mind.

The Corporate Governance Code can be viewed online at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>.

The Board of Directors has been informed of the changes in the July 2015 version of the Corporate Governance Code. Any new rules that it does not already follow will be incorporated in 2016, in line with the grace period provided by the new version.

Rai Way is not subject to any non-Italian laws that would affect its corporate governance structure.

5 BOARD OF DIRECTORS

5.1 *Appointment and replacement (Art. 123-bis [1][1] TUF)*

In accordance with prevailing laws and regulations applicable to listed companies, appointment of the Board of Directors is done by the shareholders based on slates and following the procedures established under Article 17 of the Articles of Association as described below.

The Directors are appointed by the Shareholders' Meeting by way of slates presented by eligible parties; the candidates must be listed, with no more than 11 candidates, in numerical order. Both genders must be represented on each list, so as to ensure compliance with at least the minimum requirements of current laws and regulations on gender equality

Each party eligible to vote (as well as: (i) eligible parties belonging to the same group, i.e. a group consisting of the individual or company exercising control as defined by Article 2359 of the Italian civil code and each subsidiary or joint venture over which said party exercises control; or (ii) participants in a shareholder agreement as defined by Article 122 of the Consolidated Law on Finance; or (iii) eligible parties who are connected by way of other relevant means as defined by applicable laws and regulations) may submit or be involved in the submission of only one slate in the same way that each candidate may appear on only one slate. Failure to comply will result in ineligibility.

In order to submit slates for the appointment of Directors, parties must be eligible to vote and must hold, individually or together with others, at least 2.5% of the shares with voting rights at the ordinary Shareholders' meeting or representing at least the percentage of share capital required by applicable laws and regulations (which at the date of this Report is at least 1% of the share capital according to CONSOB resolution no. 19499 of 28 January 2016).

Ownership of the minimum number of shares required for the submission of slates is, where applicable, determined based on the shares registered for the individual shareholder or group of shareholders submitting jointly as of the date on which the slates are submitted to the Company. Ownership of the number of shares required for the submission of slates must be certified in accordance with applicable laws and regulations. Said certification may be provided to the Company after the submission of the slate so long as it is provided by the date set for publication of the slates by the Company.

In order to be valid, slates must be submitted to the Company headquarters, also by means of remote communication and in accordance with the procedures published in the notice of call, and in a manner that allows for verification of the identity of the party making the submission, at least 25 days (or within a different deadline as per applicable laws and regulations) prior to the date of the Shareholders' Meeting. Slates must be made available to the public at the Company's headquarters, published on the Company's website or by other means envisaged by applicable laws and regulations at least 21 days (or as otherwise required by prevailing legislation) prior to the date of the Shareholders' Meeting.

Together with the slates, eligible parties presenting the slates must also provide any additional declarations and other documentation required by applicable laws and regulation, as well as:

- information pertaining to those who filed the slates, with information on the total percentage of interest held;
- information on the personal and professional characteristics of the candidates included in the slate;

- a statement whereby the individual candidates irrevocably accept the position (subject to their appointment) and attest, under their responsibility, that there are no grounds for their ineligibility or incompatibility to stand as candidate, and that they meet the professional competence and integrity requirements prescribed by current laws and regulations;
- a statement that the independence requirements set out in the Articles of Association have been met.

Slates for which the obligations described above are not met will be considered null and void.

Each shareholder with voting rights may only vote for one list.

The members of the Board of Directors shall be elected as follows:

- (i) a number of Directors equal to the number of board members, decreased by 1, are selected - in the order in which they appear on the list- from the slate that obtained the greatest number of valid votes; (the "Majority List"). The remaining Director – in the order in which they appear on the list- is then selected from the slate that obtained the second highest number of votes and that is not connected in any way, directly or indirectly, with the parties eligible to vote who submitted or voted for the slate from the Majority List (the "Minority List");
- (ii) if the Majority List does not reach a sufficient number of candidates for the election of the number of Directors to be appointed, according to the mechanism indicated in point (i) above, all the candidates from the Majority List shall be appointed and the remaining Directors shall be drawn from the Minority List, in the order in which they appear on the list, receiving the highest number of votes; if necessary, directors shall also be selected from the second most voted minority list, always in the order in which they appear on the list, until the number of Directors to elect has been reached;
- (iii) if the first two slates receive the same number of votes during the Shareholders' Meeting, an equal number of candidates shall be drawn from each of the said slates, in the order which they appear on the lists, while the remaining Directors, if any shall be drawn from the slate that obtained the third-highest number of votes and is not connected in any way, directly or indirectly, with the shareholders who filed or voted for the slate that received the highest number of votes, always in the order in which they appear on the list. If only two slates are submitted, or are voted for, and they receive the same number of votes, the Director/s shall be elected from both slates in the same amount and, in the event of an odd number of directors, the oldest candidate among those not already drawn from these slates shall be elected as the last Director;
- (iv) if the number of candidates in the majority as well as minorities lists submitted is less than the number of the Directors to be elected, the remaining Directors shall be selected through a resolution made by the Shareholders' Meeting by relative majority, ensuring compliance with the principles of independence and gender equality prescribed by current law and regulations. In the event of a tie in the number of votes received, a second ballot for the candidates concerned is to be held by the shareholders in order to break the tie;
- (v) In the event that only one slate is submitted, no slate is submitted, the Shareholders' shall act in accordance with the procedures set forth in point (iv) above;

- (vi) if the required minimum number of independent directors and/or directors belonging to the least represented gender is not elected, the directors of the most voted slate that have the highest consecutive number and do not meet the requirements in question shall be replaced by the next candidates on the same slate, who meet the necessary requirements.
- (vii) if even after applying the substitution criteria referred to in point (vi) above, suitable substitutions have not been found, the Shareholders' Meeting shall resolve by a relative majority. In this case, the substitutions shall be effected starting from the most voted slates and from the candidates bearing the highest number in the order they are listed.

The slate voting procedure described above, applies only where the entire Board of Directors is appointed. In the event of death, resignation, withdrawal or removal from office for any other reason of a Director, or where a Director no longer meets the professional or integrity requirements, the Board of Directors will provide for their replacement, by resolution approved by the Board of Statutory Auditors, in compliance with the principles of minority representation and gender equality, provided that the Directors appointed by the Shareholders' Meeting always constitute the majority of Directors. If, in the above cases, the minimum number of independent Directors falls below the level required by the laws and regulations in force at the time and/or the number of Directors belonging to the least represented gender falls below the level prescribed by law, the Board of Directors shall replace them, by resolution approved by the Board of Statutory Auditors. Directors appointed in this way shall remain in office until the next Shareholders' Meeting, which will be called upon to confirm their appointment or elect new members of the Board of Directors by appointing other Directors or reduce the number of Directors. The Directors thus appointed by the Shareholders' Meeting shall remain in office until the term of the Directors in office at the time of their appointment expires. For the appointment of Directors needed to fill vacancies on the Board of Directors, the Shareholders' Meeting shall resolve by relative majority, ensuring that the principles of independence and gender equality established by current law and regulations are met.

In the event that the majority of Directors appointed by the Shareholders' meeting cease to hold office for any cause or reason, the entire Board shall be considered as terminated and the Directors remaining in office shall be required to convene a Shareholders' Meeting to appoint the new Board of Directors according to the procedure described above.

Succession plans

As at the date of this report, the Board of Directors decided to initiate, by the Remuneration and Appointments Committee, a preliminary procedure to help the Board assess the adoption of succession plans, in particular for the CEO considered as executive, but also for key management personnel, reserving the right however, to decide whether or not to adopt them at a later date. As part of this preliminary procedure, the Remuneration and Appointment Committee will look into the possible content of these plans. This will be done in line with the powers attributed on a general level to the Committee (see Part **Errore. L'origine riferimento non è stata trovata.** of this Report). It should be noted, however, that, in accordance with the provisions of Criteria 5.C.2 of the Corporate Governance Code, based on the analysis and the information available, the Company believes that, also based on the current capital structure of the Company, the times needed to deal with the temporary phase of identification of suitable applicants are compatible with the need not to compromise the day-to-day operations of the Company, given the quality of front line management and the expertise of the Company.

5.2 Composition (Art. 123-bis [2][d], TUF).

Introduction

Pursuant to Art. 17 of the Articles of Association, the company is managed by a Board of Directors consisting of a minimum of 5 (five) and maximum of 11 (eleven) members, who remain in office for a period of up to 3 years and may be re-elected. The ordinary session of the Shareholders' Meeting determines the number of Directors and the term of office within the aforementioned limits; the term of office expires on the date of the Shareholders' Meeting called to approved the financial statements relating to the last year of their appointment. During the term of office, the Shareholders' Meeting may change the number of Board members, always within the limits set out above, by adopting the relative provisions. Any directors appointed during the term of the Board, expire at the same time as the term of those in office at the time of their appointment.

The members of the Board of Directors must meet the professional competence and integrity requirements established by current laws and regulations. Furthermore, a certain number of Directors, not less than that established by the laws and regulations in force at the time, must meet the independence requirements established by the Corporate Governance Code.

The composition of the Board shall be gender balanced, in accordance with applicable legal provisions and regulations.

For the sake of full disclosure, it's worth nothing that pursuant to Art. 37 of the Market Regulation, since the Company is subject to the management and coordination of Rai, it must have an internal control committee composed of independent directors (in the sense specified in paragraph 1-bis of the above article) and any other committees, recommended by the codes of conduct regarding corporate governance issued by stock exchange companies or by trade associations, must also be composed of independent directors.

Composition of the Board

During 2015, the Board of Directors maintained the same composition assumed with the First Trading Day, except for the resignation of Salvatore Lo Giudice, who handed in his resignation to the company on 13 November 2015. The Board of Directors then resolved, on 29 January 2016, after approval by the Board of Statutory Auditors and hearing the opinion of the Remuneration and Appointments Committee, to appoint Nicola Claudio, a non-executive and non-independent director pursuant to Article 147-ter TUF of the Corporate Governance Code. Mr. Claudio shall remain in office, in accordance with the law and Articles of Association, until the next Shareholders' Meeting (i.e. scheduled, in single call, for 28 April 2016). Furthermore, on the date of approval of this Report (21 March 2016), Camillo Rossotto tendered his resignation as Director of the Company (and thus as Chairman of the Board of Directors, effective at the conclusion of the next Shareholders' Meeting; the Shareholders' Meeting scheduled for 28 April 2016, in single call, is therefore called to resolve on the appointment of two Directors to integrate the Board and the possible appointment of the Chairman (in absence of which, pursuant to the law and Articles of Association, the Board of Directors will do so).

The current Board of Directors in office on the date of this Report is composed of seven directors (vs. six members as at 31 December 2015). For the sake of full disclosure, it should be noted that the composition of the Board of Directors is consistent with current laws and regulations on gender balance.

The table below provides information on each member of the Board of Directors in office as of the date of this report.

FIRST & LAST NAME	POSITION	PLACE AND DATE OF BIRTH	DATE OF APPOINTMENT
Camillo Rossotto	Chairman	Turin, 17 July 1962	18 September 2014
Stefano Ciccotti	Chief Executive Officer	Rome, 1 August 1960	18 September 2014
Nicola Claudio	Director	Rome, 24 January 1966	29 January 2016
Joyce Victoria Bigio	Independent Director	Norfolk, Virginia – United States of America, 23 November 1954	18 September 2014
Fabio Colasanti	Independent Director	Velletri, 19 August 1946	18 September 2014
Anna Gatti	Independent Director	Pavia, 30 January 1972	6 October 2014
Alberto De Nigro	Independent Director	Rome, 1 July 1958	29 October 2014

A brief curriculum vitae is provided below of each Director, based on the information they have provided, in office on the date of this Report. Highlights of their professional and personal details are provided along with their expertise and experience acquired until the date of this Report (as regards the profile of the aforementioned Director resigned from office in 2015, details are available in the 2014 Report on Corporate Governance and Ownership Structures published on the Company's website www.railway.it in the section Corporate Governance/Ordinary Shareholders' Meeting of 28 April 2015).

Camillo Rossotto. Born in Turin in 1962, he graduated from University of Turin in 1986 with a degree in Political Science. In 1989 he received a MBA from New York University. He has covered a number of management positions at some of the most important companies in the world including: Managing Director at Fiat Deutschland GmbH (1994-1996); VP Finance at Fiat Financas Brasil S.A. (1996-1997); President of Fiat Finance N.A. Inc. (1997-1998); Group Treasurer at Barilla Alimentare S.p.A. (1998-2000); Treasurer of Fiat Auto S.p.A. and *Chief Financial Officer* of FIDIS S.p.A. (2000-2005); VP and Treasurer di CNH Global NV (2005-2007); *Chief Financial Officer* of CNH Capital LLC (2007-2008); Managing Director of CNH Financial Services S.A. (2008-2009); Managing Director of FGA Capital S.p.A. (2009-2010); Executive VP and Group Treasurer of Fiat S.p.A. (2010); Executive VP, Group Treasurer & Financial Services of Fiat Industrial S.p.A. (2011-2012); *Chief Financial Officer* of CNH Global NV (2012). In 2012 he was appointed *Chief Financial Officer* at Rai S.p.A.

Stefano Ciccotti Born in Rome in 1960, he graduated from the Sapienza University of Rome in 1985 with a degree in Electronic Engineering. In the same year he joined Selenia S.p.A. as a design engineer. In 1987 he joined Rai where he held various positions in the Technical Division as an expert in advanced telecommunications. In July 1995, he left Rai and joined Omnitel Pronto Italia as Assistant Technical Director of the Central. In 1996, he moved on to Telecom Italy Mobile where he was mainly engaged in the organization and management of international technical activities. In July 1997 he was appointed Deputy Technical Director of Mobilkom Austria AG. In 1998 he returned to Rai, where he was appointed Director of the newly-formed "Transmission Division and Dissemination", with the task of initiating the corporate reorganization of the engineering part of the public broadcaster Radio and Television; this experience ended in March 2000 with the creation Rai Way SpA, where he has since been Chief Executive Officer and in which he served, from 2001 to 2004, the office of President. Stefano Ciccotti is also a member of numerous national and international technical organizations, Director of TiVu Srl, President of the "Quadrato della Radio" association and he is also vice president,

member of the Board of Directors and the Strategic Committee of the ANFoV (Association for the Convergence Communication Services), as well as Head of the Observatory 'Opportunities in Emerging Markets in Digital Broadcasting Field of the ANFoV. He was also a member of the Board of Federcomin (Confindustria) and Director of the Consortium Nettuno and Auditel, as well as President of AICT (Engineers of Communications) and ARD (. He was a visiting professor in "Information Processing Systems" for the 2007/2008 school year at the Faculty of Industrial Engineering at *Università Telematica "G. Marconi"* in Rome and in "Communication Systems and Technologies" at the Faculty of Communication Science at the Sapienza University of Rome.

Nicola Claudio. Born in Rome on 24 January 1966. After earning a degree in Jurisprudence at the Sapienza University of Rome and after obtaining a license to practice law he worked for a number of important legal firms. In 1992, following a selection process for law graduates, he was hired by Rai S.p.A. to join the Legal Affairs Department here he mainly worked as a contract advisor for radio and television productions, particularly in the films sector, as well as preparing opinions related to public radio and television service regulations. Later he worked at General Management (taking care of support activities for the General Manager - including the management of business contracts - as well as the dealing with the preliminaries and preparation of documentation required for draft resolutions formulated by him to the Board of Directors). Starting in May 2004, he took the position of Deputy Director and Staff Director of the Director General, and then moved on to become the Director in May 2007. In 2008 he was appointed as Head of the Secretariat of the Board of Directors and Secretary of the Board: as such, he is responsible for defining all of the board measures (appointment, contracts, planning documents, in conjunction with the General Manager, and to support the Chairman and other Board Members. He is also acts as a technical liaison between the Board of Statutory Auditors and the appointed Magistrate of the Court of Auditors, the management of matters related to Shareholders' Meetings and the management of corporate obligations to the Ministry of Economy and Finance as well as providing support and monitoring the corporate governance system of subsidiaries, associated companies and affiliates of the Rai Group for the respectively applicable reporting requirements. He also held the position of interim Director of the Legal Affairs Department in November 2015. Moreover, since December 2015, he has held the position of interim Chief of Staff to the Chairman, which involves supporting the company's activities, institutional relations and representing the Chairman. He is also the non-executive Chairman of the Board of Directors of Rai Cinema S.p.A. since April 2013.

Joyce Victoria Bigio. Born in Norfolk, Virginia (USA) in 1954, Ms. Bigio graduated in Business Administration, with a major in accounting, from the University of Virginia (USA). After earning her degree in 1976, she gained experience working at various companies, including Arthur Andersen & Co. (audit), Euromobiliare (investment bank), Waste Management (European controller) and Sotheby's (CFO for Italy and member of the Board of Directors for Italy and Switzerland). She is a qualified Certified Public Accountant in the United States. She was also a director and independent non-executive director of Fiat SpA, and a member of the risk and control committee and appointments committee until the effective date of the merger of Fiat SpA into FCA N.V. in the autumn of 2014. She was independent director of Gentium SpA, a pharmaceutical company already listed on the Nasdaq, and Simmel Difesa SpA. She is currently a Managing Partner at International Accounting Solutions S.r.l. (Milan, Italy), an accounting firm that she set up in 2002. Furthermore, as at 31 December 2015, and still on the date of this Report, she has been the Director of Fiera Milano since April 2015, and of Veneto Banca S.p.A. since November 2015 (she is an independent director at both companies and also the chair of the control and risks committee).

Fabio Colasanti. Born in Velletri (RM) in 1964, he obtained a degree in Economy at the Sapienza University of Rome and subsequently studied economics for a year at the College of Europe in Bruges (Belgium). After holding various positions in the telecommunications company Italcable SpA based in Rome (later absorbed by Telecom Italy SpA), he was Officer of the European Commission in Brussels from 1977 to 2010. In particular, from 1977 to 1984 he worked as an economist in the Directorate General "Economic and Financial Affairs". Between 1985 and 1987 he was a member of the Group of the Spokesman of the European Commission, in charge of economic and monetary affairs, regional policy, credit, investment and small and medium-sized enterprises. From 1988 to 1995 he was Head of the "Economic Outlook" and "Analysis of macroeconomic policies" units at the Directorate General "Economic and Financial Affairs" of the Commission. From 1996 to 1999, he was Director in the Directorate General "Financial Statements". In 1999 he also held the position of Deputy Chief of the Cabinet of Commission President Romano Prodi. Between 2000 and 2002 he was general manager of the Directorate General "Enterprise", while from 2002 to 2010 he was general manager of the Directorate General "Information Society and Media" of the Commission. He is currently Chairman of the International Institute of Communications, based in London.

Anna Gatti. Born in Pavia in 1972, she graduated in Business Administration from the Università "Bocconi" in Milano in 1997, where she then got a Ph.D. in Business Administration and Management in 2001. In 2001, after two years spent as a visiting student, she was Post-Doc in Organizational Behavior at the Institute of International Studies at Stanford University (California, USA). She was also a visiting professor at the Department of Economics of the University of Stanford from 2004 to 2005. Later, she was Research Associate at the University of Berkeley (California, USA) and in 2008 she obtained a Ph.D. in international research in Criminology at the Università degli Studi di Trento, in consortium with the University of Oxford (UK), Rotterdam (Netherlands) and Washington (USA). She is member of the Order of Professional Journalists. She has held various positions at major companies, including listed companies, in Italy and abroad, among which mention the roles of management in the areas of Online Sales and Operations (2007-2011) and Product (2011) Google/Youtube Mountain View (California, USA); Senior Director of Advertising and New Monetization at Skype/Microsoft in Palo Alto (California, USA); Independent board member at Buongiorno SpA, listed on the STAR segment (2007-2012); Board member at Almax USA Inc (California, USA). She was also Senior Economist for the World Health Organization from 2002-2004 and partners myQube - Telecom Italian Venture Fund from 2004 to 2007. She is co-founder and CEO of Soshoma Inc., headquartered in San Francisco (California, USA). As at 31 December 2015, and still on the date of this Report, she is an independent director on the Board of Directors at Piquadro SpA and Banzai S.p.A., both listed on the MTA.

Alberto De Nigro. Born in Rome in 1958, he graduated from the Sapienza University of Rome with a degree in Business and Economics. He is registered with the Register of Chartered Accountants of Rome and in the Register of Independent Auditors. He is expert on corporate and tax issues of restructuring, mergers and acquisitions made by corporate groups both national and multinational, has gained significant experience with regard to the problems of non-profit organizations, especially in the field of taxation of scientific associations, bank foundations and various sport associations, and business valuations both in the industrial and financial sectors. He has been a partner of major law firms and tax authorities, such as Studio Consulting Legal and Tax - correspondent of Andersen Worldwide (1994-1997), CBA Studio Legale e Tributario (1998-2012) and, most recently, Legalitax Studio Legale e Tributario, where he currently carries out his profession. He has held and continues to hold positions on the board of directors, board of statutory auditors, auditor and liquidator of companies also with securities listed on regulated markets. He was, among other things, a standing auditor at Acea SpA, Telecom Italy

Media SpA Ergo Previdenza SpA (Munich RE Group), a member of the board of directors of Insurance Mutual Insurance of Rome City Council, member of the Board of Auditors of the public body *Sportass Cassa di Previdenza per l'Assicurazione degli Sportivi* and member of the Supervisory Board of Faro Assicurazioni e Riassicurazioni S.p.A. in compulsory winding up. As at 31 December 2015, and still on the date of this Report, he covered, in particular, the position of Chairman of the Board of Statutory Auditors of Banca Finnat Euramerica S.p.A., independent director at Engineering - Ingegneria Informatica S.p.A. and standing auditor at Atlantia S.p.A. (all listed on the MTA), as well as standing auditor at F2i - Fondi italiani per le infrastrutture SGR S.p.A and Chairman of the Board of Auditors of CONI.

For more information about the members of the Board of Directors in office during the 2015 (or part thereof), and in particular on the attendance rate at the 15 board meetings held, for an average of 2 hours and 13 minutes each, please see TABLE 2 attached hereto (information is also provided on the attendance rate of individual Board Committee members).

5.2.1 Maximum number of offices held in other companies

Directors shall accept and remain in office when they deem that they can devote the necessary time to the diligent performance their duties, also in the light of participation in Board committees, also taking into account the number of positions held as Director or Statutory Auditor in other companies listed on regulated markets (including foreign markets) or unlisted companies, in financial, banking, insurance companies or in large companies, as well as any other professional activities they may be involved with.

In this regard, as at the date of this Report, according to the regulation adopted by the Board of Directors of the Company, a maximum number of five (5) positions as director or statutory auditor may be held in other companies listed on regulated markets, including foreign markets, or in financial, banking, insurance companies or in large companies, compatible with the proper performance of Director of the Company, bearing in mind that for executive directors, the aforementioned position may held only when they are of a non executive nature. In calculating the number of offices held, those held by directors in groups that are part of the Rai Group do not count. Specifically, for the purposes of Criteria 2.C.5. of the Corporate Governance Code, the CEO, Mr. Stefano Ciccotti, who is the key person responsible for managing the Company, does not hold on the date of this Report, nor has he previously held, directorships in other issuers where the Chief Executive Officer is a director of the issuer (as well as directorships and audit positions in any other company).

Director candidates for Rai Way must provide the Board with an updated list of any directorships, management and audit positions they hold. Following their appointment and before accepting a directorship, Directors must notify the Board about any directorship, management or audit positions held in other companies that have a limit on the number of board mandates.

If the limit is exceeded, the Board will assess the situation in the interest of the company, and then call upon the director to take appropriate action.

Based on information received from the Directors, the Board shall disclose on an annual basis the Directorships or positions as Statutory Auditors held by the Directors in the above-mentioned companies. The composition of the Board of Directors in office on the date of this Report, as well as in 2015, is consistent with the abovementioned limits.

Further evaluations on the maximum number of offices may be made by the Board also on the basis of any recommendations made by the Remuneration and Appointments Committee.

5.2.2 Induction Programme

After the first meeting of the Board of Directors following the Global Offering, held on the First Trading Day, among other things, a presentation, with the support of the key executives of the Company, was given to illustrate the main business features of Rai Way, the organizational structure – current and future – and the management and financial policy of the company for 2015, and in any case until the date of approval of this report, a number of initiatives were undertaken also for the purpose of induction. In relation to this, we would like to mention, in particular, detailed information on: strategic aspects of the Company's activities, during the preparation phase of the multi-year Business Plan, approved in September 2015, the regulatory and corporate governance profiles, the investor relations activities, carried out within Board meetings or, in some cases, at meetings of the Board Committees, and with the involvement of Company executives qualified in the matters in question. Additional updates to the induction programme, in particular on aspects related to operational activities of the company and with the participation of executives, these updates are already planned for the remainder of 2016.

5.3 Role of the Board of Directors (Art. 123-bis [2][d] TUF).

Pursuant to current regulations for companies with shares listed on regulated markets and in accordance with the recommendations of the Corporate Governance Code, the Board of Directors plays a central role in the Company's governance system.

The Board adopts an organization and modus operandi which enables it to perform its functions in an effective manner. It meets, in accordance with the Articles of Association, at the company's registered office or elsewhere in Italy or abroad, usually on a quarterly basis, and at any rate any time it is deemed necessary by the Chairman, or in the event that he/she is absent or unable to act, by the individual replacing him/her, or when a written request is made to the Chairman by the CEO or at least two Directors from the Board or the Board of Statutory Auditors to convene a meeting.

The Board met fifteen times in 2015. Each meeting lasted an average of 2 hours and 13 minutes. As regards the attendance rate at meetings by the Directors, in relation to the respective period in office during 2015, please see, as already noted, the information contained in TABLE 2 attached hereto. At the date of this Report, two meetings of the Board of Directors were held in 2016. They have already scheduled the meetings calendar for the entire year.

The call notice is sent to all directors and standing auditors in general at least three days before the meeting. In urgent cases, this period may be reduced to one day. The call notice should include, except in cases where this is not possible due to confidentiality issues, the items on the agenda so that the attendees can read the issues ahead of time and come prepared to the meeting. As a rule, documentation supporting the proposals at hand and any other information that may be required so the Directors are able to express an informed opinion on the issues being decided are provided to the Directors at least 48 hours before the meeting. When, in specific cases, it has not been possible to provide pre-meeting information within the above deadline, the Chairman ensures that the necessary time is devoted to an effective discussion on the items on the agenda during the meeting. As regards 2015, and on the date of this Report, the Directors and Auditors were sent supporting documents in relation to the items on the agenda and in particular subject to approval, within the time limit indicated above, with the exception of special cases, in relation to which the necessary time was devoted to an effective discussion of the items on the agenda during the meeting.

The Chairman of the Board of Directors, also upon request of one or more Directors, may request the CEO that certain executives of the Issuer, managers in charge of the pertinent

management areas related to the Board agenda, attend the meetings of the Board, in order to provide appropriate supplemental information on the items on the agenda. In 2015 and until the date of approval of this Report, the General Manager of the Company and several other key management personnel attended the meetings of the Board of Directors. The secretary of the Board attended all Board meetings.

Article 23 of the Articles of Association establishes that the Board of Directors shall be solely responsible for managing the company and shall work with the diligence required in accordance with the nature of the duty and on the basis of the specific skills of each of its members. In particular, the Board of Directors shall be vested all powers for the ordinary and extraordinary management of the Company, and the right to carry out all actions considered necessary to achieve the corporate purposes, except for those powers that are reserved by law to the Shareholders' Meetings.

Moreover, Article 23.2 of the Articles of Association provides that, in addition to those duties and powers that cannot be delegated by law, the Board of Directors is responsible for passing resolutions - which cannot be delegated - concerning:

- the general guidelines, as well as the adoption and amendment of the Company's business, strategic and financial plans;
- the appointment and dismissal of the General Manager and Chief Financial Officer,
- assessments on the general performance of the company.

The Board of Directors is also vested with the power to resolve on:

- (i) the opening and closing of secondary offices;
- (ii) the reduction of share capital in the event of the withdrawal of one or more shareholders;
- (iii) updating the Articles of Association to meet regulatory provisions;
- (iv) mergers and de-mergers in the cases listed in Articles 2505, 2505-*bis* and 2506-*ter* of the Italian Civil Code;
- (v) indicating which of the directors may represent the company;
- (vi) transfer of the headquarters within Italy.

Lastly, it is the exclusive task of the Board to report to the shareholders at the Shareholders' Meeting.

In line with the requirements of Criteria 1.C.1., (c) of the Corporate Governance Code, the Board of Directors has assessed the adequacy of the organisational, administrative and accounting structure of the Company, especially with regard to the internal control and risk management system, and in this case making use of the preliminary activities of the Control and Risks Committee.

The Board has evaluated the general performance of the company, paying particular attention to the information received from the delegated bodies and periodically, at least on a quarterly basis, comparing the results achieved with those planned, as recommended in Criteria 1.C.1. (e) of the Corporate Governance Code;

The Board has established general criteria to identify transactions having a significant impact on the Issuer's strategies, profitability, assets and liabilities or financial position, establishing that they are all transactions that do not fall within their delegated management powers.

The Board has performed, with reference to FY 2015 and for the purposes of the provisions set out in Criteria 1.C.1. (g) of the Corporate Governance Code, a self-evaluation of the size, composition and performance of the Board and its committees, as well as the contribution made by each Director, taking also into account elements such as the professional competence, experience (including managerial experience), and the gender of its members, as well as the number of years as director. This process was carried out with the assistance of the consulting firm Management Search S.r.l. (which did not provide other services to the Company or companies having a control relationship with the Company). An analysis of the overall results of the process, which were discussed within the Board, the outcome of the evaluation was generally positive for both the activities and performance of the Board - with particular regard to the quality and presentation of the information made available by management in relation to the topics covered and how the related discussions were conducted, the role played by the Chairman in terms of coordination, and the reports - both on the size and composition of the Board, with regard, in particular, the suitable balance of professional expertise available. However, some areas for improvement were identified with reference, in particular, to the promptness in providing pre-meeting information, more frequent attendance by executives at board meetings and the preparation of in-depth sessions on issues related to organizational aspects of the company and updates on the competitive and strategic environment in which the Company operates. A positive view was expressed in the evaluation of role and activities carried out by the committees established within the Board, entirely composed of Independent Directors, on performing their tasks.

The Shareholders' Meeting has not authorized any exceptions to the prohibition on competition pursuant to Article 2390 of the Italian Civil Code.

5.4 *Delegated Bodies*

5.4.1 Chief Executive Officer

Pursuant to Art. 24 of the Articles of Association, the Board of Directors may appoint a Chief Executive Officer (CEO, and establish that person's powers and responsibilities.

On 18 September 2014, the Board appointed Stefano Ciccotti as CEO.

The CEO oversees the company's day-to-day operations and submits the appropriate recommendations to the Board of Directors.

The Board of Directors has assigned the following powers and responsibilities to the office of CEO, until such time as it resolves otherwise:

- (i) to represent the company, within the scope of his or her powers, and to sign on the company's behalf vis-à-vis public and private entities, courts and legal authorities, tax administrations and independent authorities;
- (ii) to implement resolutions of the Board of Directors, within the scope of his or her powers, indicating the guidelines to the General Manager;
- (iii) to design the business plan to be approved by the Board of Directors, on the basis of development plans prepared by the chief of strategy with input from the board chair, and ensure that the approved plan is duly implemented; to carry out, within the scope of those plans, the investment programs approved by the Board of Directors; and to recommend guidelines for business operations, commercial policies, production and purchasing policies, and all initiatives deemed to be in the company's interest;
- (iv) to draft budgets and financial statements and submit them to the Board of Directors;

- (v) to execute, amend and terminate acts, agreements and contracts pertinent to the corporate purpose, including but not limited to purchase, sale, trade-in or leasing contracts; agreements for the sale of services, movable property, real estate and intangible assets; and contracts relating to intellectual property, trademarks and patents, provided that the amount of such acts, agreements and contracts does not exceed €1,000,000.00 either individually or in combination with related transactions;
- (vi) to define the company's operating units within the framework of the organization established by the Board of Directors;
- (vii) to hire and dismiss personnel, except for executive and semi-executive managers; to appoint personnel, except for executive managers, within the limits set by the company's plans and after notifying the board chair; and to define personnel policies in keeping with the guidelines and directives laid down by the Board of Directors;
- (viii) to manage and administer personnel, with the express power to take all relevant action required by law, in particular with regard to union representation, insurance, social security and taxation, informing the board chair periodically; and to see to the enforcement of collective employment contracts;
- (ix) to execute, amend and terminate consulting contracts, including for the assignment of advisory and/or technical/professional services to outside experts, of a duration not exceeding one year and an amount not exceeding €200,000.00 per contract or assignment (or per group of contracts/assignments with the same party), informing the board chair of all contracts and assignments that are strategically significant for the company;
- (x) to represent the company with labour associations and unions and with the authorities in charge of negotiating labour agreements and settling disputes, including the power to negotiate conditions and settle any litigation;
- (xi) to conduct all short- or medium-term financial and banking transactions in which the company acts as payer or payee, and to sign the relevant contracts with third parties (in particular with banks and credit institutions, financial institutions and post offices), including but not limited to deposits, current accounts, credit facilities, bank advances, discounts, mortgage loans and other financing; to execute transactions from the company's accounts within the limits of existing balances and credit lines; and to grant loans to investee companies in relation to their operating needs;
- (xii) to issue, accept and endorse credit instruments; to collect on promissory notes; to issue (or have issued), on behalf of the company or its investees, binding letters of patronage or sureties; to establish, register and renew mortgages and liens; to allow the cancellation or limitation of mortgages on third-party property established in the company's favour; and to forgive mortgages and subrogations, including legal mortgages, and take all other action concerning mortgages taken out by third parties in the company's favour, provided the amount of the aforementioned transactions does not exceed €1,000,000.00 either individually or in combination with related transactions;
- (xiii) to recommend to the Board of Directors the names of directors, statutory auditors and independent auditors to be appointed at investee companies;
- (xiv) when the amount of a court case/dispute does not exceed €1,000,000.00, to represent the company in all such cases/disputes in Italy and abroad, before the

ordinary or special legal authorities of any instance or degree and before national and international arbitration boards, including the power to delegate individual cases/disputes to attorneys-in-fact as provided for by signed powers of attorney; to file and pursue actions and legal petitions in any civil, administrative, criminal or arbitrating venue, including partie civile proceedings and actions of enforcement, voiding, cassation and constitutionality, as either plaintiff or defendant, by intervention or third-party challenge, and in this regard to retain or dismiss counsel, litigators, expert witnesses, company representatives, referees and arbitrators, electing domicile accordingly; to settle individual cases/disputes, sign arbitration settlements and arbitration clauses, waive and/or accept waivers of the legal action or its outcome, and respond to informal or formal questioning regarding the facts of the case or dispute; and to file petitions, rebuttals, administrative appeals and complaints with the central or local administrative authorities or independent watchdog authorities;

- (xv) to comply with all tax obligations set by law, including by signing all statements or returns to be filed with the tax authorities; to retain and pay in the withholding tax required of the company in its role as withholding agent; and to represent the company in its dealings with the authorities for the negotiation and settlement of any tax issue whatsoever;
- (xvi) to fulfil all of the company's obligations as data controller pursuant to Legislative Decree 196/2003 (as amended), by exercising the broadest decision-making powers in this regard, with particular reference to the security policy;
- (xvii) to assume the role of employer in matters pertaining to safety in the workplace and employees' health, exercising the related powers and fulfilling all of the company's obligations in this regard;
- (xviii) to appoint and revoke general or special proxies and attorneys-in-fact, for individual acts or given categories of act, within the scope of the powers assigned.

The powers described above were valid for all of 2015 and are unchanged as of the date of this Report.

5.4.2 Chairman of the Board of Directors

Pursuant to Art. 18 of the Articles of Association, if the Shareholders' Meeting has not done so, the Board of Directors elects a Chairman from among its members and, if it wishes, a vice chairman to serve as deputy. The Chairman, and the Vice chairman if appointed, remain in office throughout the term of the Board of Directors.

As better specified below, the Chairman of the Board of Directors is not principally in charge of Rai Way's management and is not the company's controlling shareholder.

In accordance with the Articles of Association, the Chairman represents the company and signs on its behalf, including before the courts; presides over the Shareholders' Meeting (with full powers to govern its proceedings); and calls and presides over meetings of the Board of Directors.

Also, in accordance with the Board Regulations, the chairman:

- calls and presides over meetings of the Board of Directors, coordinating the functions of the governing body;
- ensures that adequate information concerning the agenda items, in terms of both quality and quantity, is provided to all directors so that they are in a position to make informed decisions;

- organizes and coordinates the work of the Board of Directors.

At this time, Camillo Rossotto serves as chair of the Board of Directors (as explained in Section 4.2 above, some resignations from the board—leaving the chair position vacant as a result—will take effect as of the upcoming Shareholders' Meeting).

The Board of Directors has resolved to attribute the following powers and responsibilities to the office of chairman of the Board of Directors, until such time as it resolves otherwise:

- (i) to represent the company in Italy and abroad in its dealings with state and local governments, public and private entities and physical and legal persons, in order to exercise the powers necessary to take all actions pertinent to the corporate purpose, with the exception of those that the Board of Directors has reserved to the chief executive officer;
- (ii) without prejudice to the powers of representation assigned to the chief executive officer, to represent the company (as plaintiff or defendant) in all cases/disputes in Italy and abroad, before the ordinary or special legal authorities of any instance or degree and before national and international arbitration boards, including the power to delegate individual cases/disputes to attorneys-in-fact as provided for by signed powers of attorney; to file and pursue actions and legal petitions in any civil, administrative, criminal or arbitrating venue, including *partie civile* proceedings and actions of enforcement, voiding, cassation and constitutionality, as either plaintiff or defendant, by intervention or third-party challenge, and in this regard to retain or dismiss counsel, litigators, expert witnesses, company representatives, referees and arbitrators, electing domicile accordingly; to settle individual cases/disputes, sign arbitration settlements and arbitration clauses, waive and/or accept waivers of the legal action or its outcome, and respond to informal or formal questioning regarding the facts of the case or dispute; and to file petitions, rebuttals, administrative appeals and complaints with the central or local administrative authorities or independent watchdog authorities;
- (iii) to represent the company, in person or through proxies, at the shareholders' meetings of other companies in which it invests;
- (iv) to serve as primary liaison with the Compliance Committee pursuant to Legislative Decree 231/2001, organizing the activities of that committee's technical secretariat;
- (v) to appoint and revoke general or special proxies and attorneys-in-fact, for individual acts or given categories of act, within the scope of the powers assigned.
- (vi) to oversee the company's external relations at the local and national level and its communications with the press, and promote Rai Way's image in the national and international markets, coordinating with the chief executive officer;
- (vii) to supervise the work of the Internal Auditing department, setting guidelines, planning activities and periodically verifying the adequacy and proper functioning of that department.

The powers described above were valid for all of 2015 and are unchanged as of the date of this Report.

5.4.3 Executive Committee

On the date of this Report, like in 2015, no Executive Committee has been established.

5.4.4 Board Briefing

Pursuant to Art. 19 of the Articles of Association and the Board Regulations, and in accordance with Criteria 1.C.1. (d) of the Corporate Governance Code, a Board of Directors

meeting is called, usually at least once every three months. It is coordinated and regulated by the Chairman of the Board of Directors or by his/her representative, who is also responsible for ensuring that the Directors are provided with timely and adequate information so as to enable the Board to take its decisions with due diligence.

In particular, the Board Regulation establishes that the flow of information amongst and within corporate bodies is an essential condition for ensuring the achievement the objectives of efficient management and effective control of the company. Therefore, a continuous and comprehensive information to and within the corporate bodies is ensured through information flows that allow the correct, timely and comprehensive flow of information, whilst respecting the responsibilities of the various bodies with supervisory and control functions. In relation to the items on the agenda, supporting documentation is provided to the Directors and Auditors containing the information necessary to allow them to knowledgeably discuss the issues to be resolved.

Article 24 of the Articles of Association provides that the decisions made by those with delegated powers must be disclosed to the Board according to the procedures and frequency (at least quarterly) established by the Board. Furthermore, the delegated bodies must report in a timely manner and at least on a quarterly basis to the Board of Directors and the Board of Statutory Auditors on the activities carried out, the general performance of the company, the business outlook, as well as on any transactions that have a significant impact on the results of operations and financial position or due to their specific characteristics – with particular regard to those that could potentially give rise to a conflict of interest- carried out by the Company.

During 2015, the Board of Directors was informed, at least on a quarterly basis, on the exercise of the delegated powers, during the Board of Directors meetings.

5.5 Other Executive Directors

On the date of this Report, apart from the Chief Executive Officer, there are no other executive directors under the terms indicated in Criteria 2.C.1. of the Corporate Governance Code.

5.6 Independent Directors

In compliance with the provisions of Article 37 of the Market Regulation, the Board of Directors is made up for the majority of independent directors.

In particular, the Shareholders' Meeting, held on 18 September 2014, 6 October 2014 and 29 October 2014, respectively, appointed the following 4 independent directors, who took office on the First Trading Day and remain in office as at the date of this Report (and unchanged from 2015):

- Joyce Victoria Bigio;
- Fabio Colasanti;
- Alberto De Nigro;
- Anna Gatti.

The evaluation of the independence of the non-executive members of the board, pursuant to Art. 3 of the Corporate Governance Code and Art. 148 (3) TUF was performed in the presence of the Board of Statutory Auditors during the first board meeting after the First Trading Day, and disclosed to the market on the same day- was renewed during FY 2015 on 2 December 2015 (also in compliance with Criteria 3.C.4 of the Corporate Governance Code , always in the presence of the Board of Statutory Auditors (which did not make any comments), on the basis of written statements and the information contained therein provided by the independent directors (for which the Company is unaware of any elements

that are contrary thereto)

On accepting the appointment, as well as at the time of the aforementioned renewal of the board evaluation, the independent directors of Ray Way agreed to promptly notify the Board of Directors of any changes occurring, also with regard to meeting the independence requirements.

Pursuant to Criteria 3.C.6 of the Corporate Governance Code, the independent directors met one time in 2015, in a meeting held April, without the presence of other directors. At the first meeting of independent directors, in particular, after have acknowledged the effective importance of their role attached by the Company, they also lauded the active commitment of the Company in strengthening the structure to bring it into line as necessary taking into account the nature of listed company. They also reported, as an element to study and reflect upon, to place more emphasis as part of the board's work on strategic issues and increased acquisition of information with regard to what the future holds for the Company in terms of business development and technological development (events occurred, as recognized by the independent directors, as part of the preparation of the multi-year business plan of the Company approved in September 2015). In 2016, as of the date of this Report, the independent directors have already held one meeting where, after confirming the positive evaluations and appreciation already given, they conducted preliminary analysis of the findings of from the work carried out by the consulting firm hired to support the self-evaluation process in terms of size, composition and performance of the Board of Directors and its internal committees; the independent directors focused on some of the points made, agreeing on the benefits of executives attending Board meetings more frequently and planning updating and analysis sessions on the relative competitive and strategic environment, in the light of the company's objectives and growth prospects.

5.7 Lead Independent Director

The Board of Directors decided not to appoint a lead independent director, given that the conditions for such appointment provided in Criteria 2.C.3. of the Corporate Governance Code are not met.

6 MANAGEMENT OF CORPORATE INFORMATION

Pursuant to the Board Regulations, the Board of Directors approves instructions and procedures for setting up the necessary organizational bodies in charge of handling information flows, managing confidential and inside information, and maintaining the register of persons with access to inside information.

On 4 September 2014, the Board approved the Inside Information Policy, which was later amended, mainly at the procedural and organizational level.

The Inside Information Policy aims to ensure that inside information is handled promptly, completely and appropriately, without causing information asymmetries among the public. More specifically, the disclosure of inside information according to the rules laid down in the Policy helps protect the market and investors by making sure they have sufficient knowledge of the company's affairs to make informed investment decisions. The Policy also aims to prevent any person or category of persons from using information not known to the public in order to conduct speculative trades, to the detriment of investors who are not privy to such information.

The Inside Information policy applies in particular to the directors, statutory auditors, executives and employees of Rai Way, and more generally to all persons who, due to their jobs, professions or functions performed on Rai Way's behalf, have regular or occasional access to inside information.

The Inside Information Policy highlights the role of the following persons and bodies:

- (a) the "Information Officer", appointed by the Board of Directors (along with one substitute), is the person in charge of implementing the provisions of the Inside Information Policy, who:
 - (i) with input from the relevant units, handles relations with the media and drafts press releases concerning inside information;
 - (ii) with input and assistance from the relevant units, ensures compliance with market disclosure obligations by releasing statements approved by the Inside Information Committee, as discussed in letter (b) below;
 - (iii) with input from the relevant units, maintains the registry pursuant to Art. 115-bis TUF and ensures that the data contained therein is up-to-date and safely stored;
- (b) a specially formed "Inside Information Committee", made up of Rai Way's CEO, General Manager and Chief Financial Officer, which:
 - (i) oversees procedures for the handling of inside information as well as relations with institutional investors and the press, with input from the relevant units;
 - (ii) determines the relevance of the information reported to it, with support from the Information Officer and the relevant units;
 - (iii) decides whether to alert the market or else delay disclosure of the information, if such disclosure might compromise a transaction the company is about to undertake or if the events or circumstances are not well enough defined to allow the public to make informed decisions;
 - (iv) approves the press releases submitted to it by the Information Officer.

If the events described in the press release are subject to resolution of the Board of Directors, it is the Board that makes the above decisions.

7 BOARD COMMITTEES (PURSUANT TO ART. 123-BIS[2][D] TUF)

In accordance with Arts. 4, 5, 6 and 7 of the Corporate Governance Code, which recommend that listed companies set up various committees within the Board of Directors to oversee specific matters, Art. 24 of the Articles of Association empowers the Board of Directors to establish committees with advisory or proposal-making functions and to determine how many board members will sit on such committees and what their responsibilities will be.

In the interests of simplification and efficient governance, the company has decided to form a single committee to oversee appointments and remuneration, as allowed by the Corporate Governance Code under certain conditions. See Part 7 for further information.

The Board committees shall have access to all information and departments necessary for them to perform their respective tasks. They may also hire external consultants at the company's expense, without exceeding the budget approved by the Board of Directors. The committees formed within the Board of Directors are described below.

The Board Regulations also govern the composition, responsibilities and functioning of the Control and Risks Committee and the Remuneration and Appointments Committee.

These were formally established by the Board as of the First Trading Day, and remained in place with the same members throughout 2015 and up to the date of this report.

The Control and Risks Committee also performs the duties of the Committee for Related Party Transactions pursuant to CONSOB Regulation 17221 of 12 March 2010, and oversees the company's Related Party Transactions Procedure.

The Control and Risks Committee and the Remuneration and Appointments Committee, in accordance with Art. 37 of the Market Regulations, are each comprised of three non-executive, independent directors including a Chairman appointed by the Board of Directors. At least one member of each committee has sufficient experience in accounting and finance or risk management, as determined by the Board of Directors at the time of appointment.

Pursuant to the Board Regulations, the committees meet at the established intervals and whenever special circumstances so require; meetings are valid if a majority of the committee's members are present. The Chairman of each committee may decide to hold meetings by audio/videoconference, provided that each of the participants can be identified by all others and that each of them can participate in real time in the deliberations and receive, view and transmit documents.

During committee meetings, a secretary (who need not be a member of the committee) is appointed to draw up minutes of the meeting, being sure to explain any dissenting positions by those present. The secretary will archive the minutes so they can be consulted by any committee members who were absent, and/or by the directors or statutory auditors. The committees have budgets which can be increased for specific needs.

8 REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee (the "**Committee**", for the purposes of this Part), in keeping with the recommendations of Principles 5.P.1 and 6.P.3 of the Corporate Governance Code and as permitted by that Code, is a single body that performs the duties of the Appointments Committee and the Remuneration Committee.

Provisions concerning the duties, composition, organization and functioning of the Remuneration and Appointments Committee are contained in the Board Regulations.

8.1 *Composition and functioning of the Remuneration and Appointments Committee*

The members of the Remuneration and Appointments Committee, including its Chairman, were appointed by the Board of Directors as of the First Trading Day and remained in office throughout 2015 and up to the date of this report. Consistently with Art. 37 of the Market Regulations, because Rai Way is under the management and coordination of Rai, this committee is comprised wholly of independent directors pursuant to Art. 3 of the Corporate Governance Code and Art. 148(3) of the Consolidated Law on Finance.

The members of the Remuneration and Appointments Committee are Anna Gatti (Chair), Joyce Victoria Bigio and Fabio Colasanti.

All members of the Remuneration and Appointments Committee have sufficient knowledge and experience in accounting and finance and/or in compensation policies.

Unless a shorter term is decided at the time of appointment, the members serve for as long as they hold seats on the Board of Directors. They may resign from the committee, without necessarily resigning from the Board of Directors. If a member leaves office for any reason, the Board of Directors appoints a replacement. The new member's term is the same as that of the person replaced. If the committee chair leaves office, when appointing that person's replacement, the Board of Directors will also designate the new chairman.

In performing its duties, the committee may be assisted by other units or hire external consultants, at the company's expense, without exceeding the budget set annually by the Board of Directors. If it plans to hire a consultant to obtain information on retribution policies in the market, the committee must ascertain beforehand that there are no circumstances compromising the consultant's independence of judgement.

The Shareholders' meeting determines the annual fees for committee members.

Committee meetings are called by the Chairman, whenever he or she sees fit, or at the request of another member. As a rule, the notice of meeting is sent at least three days prior to the scheduled date. In urgent cases, as determined by the Chairman of the committee, meetings may be called with one day's notice. Committee meetings are also valid without prior notice, if all members are present.

The Chairman of the Board of Directors and the Chief Executive Officer are entitled to attend the committee's meetings. The Chairman of the Board of Statutory Auditors is also invited, and may delegate another standing auditor to attend (standard practice, in any case, is to invite all members of the Board of Statutory Auditors). At its own discretion, the committee may invite to a given meeting any other individual(s) from within the company, in relation to the units and departments affected by the issues discussed (including the members of other Board committees), or from outside the company when their presence is considered helpful to the committee's work.

No director may attend a committee meeting at which proposals regarding the compensation of Board members are submitted or discussed.

The Chairman of the committee reports on committee meetings at the first subsequent meeting of the Board of Directors, and where appropriate, also reports periodically to the Board on the committee's work. During the annual Shareholders' Meeting, the committee, or the Board of Directors on the basis of indications provided to it, reports on remuneration policies and the committee (through its chairman or another member) reports on its work during the year.

In 2015 the committee met seven times, for an average of 2 hours and 57 minutes each, with minutes duly taken on each occasion. One or more members of the Board of Statutory Auditors was present at every meeting, while the other meetings were attended

variously by the Chairman of the Board of Directors, the chief executive officer, and/or (at the committee's invitation) the independent director not serving on the committee. During the meetings the committee examined and proposed remuneration policies which, once approved by the Board of Directors, it ensured were properly implemented by monitoring various aspects including achievement of the performance targets that trigger the bonus portion of the salaries of the CEO, the General Manager and other key management personnel. See TABLE 2 of this report for information on the attendance rate of individual committee members.

In 2016, the committee plans to meet whenever necessary in order to fulfil its responsibilities properly and effectively. As of this writing it has held three meetings, essentially to verify achievement of the targets giving rise to bonuses for 2015, to conduct due diligence for the 2016 remuneration policy, and to discuss a proposal to co-opt Nicola Claudio as a new director of Rai Way.

8.2 Functions of the Remuneration and Appointments Committee

On the basis of the Board Regulations, the Remuneration and Appointments Committee:

- a) gives opinions to the Board on proposals submitted by the Chairman or the CEO, concerning:
 - (i) the definition of policies for appointing company directors;
 - (ii) the appointment of the CEO, General Manager and other key management personnel;
 - (iii) the definition of succession plans for the CEO, General Manager and other key management personnel;
 - (iv) the selection of candidates for the position of Rai Way director in case of co-optation or for the position of independent director to be put to the shareholders' meeting, taking account of any input from the shareholders;
 - (v) the appointment of Board committee members, at the chair's recommendation;
- b) makes recommendations to the Board of Directors concerning a general policy for the compensation of the CEO, General Manager and other key management personnel, including so that the Board can prepare the annual compensation report for submission to the shareholders' meeting; and periodically evaluates the adequacy, overall consistency and concrete implementation of the general compensation policy approved by the Board;
- c) makes recommendations to the Board of Directors regarding the full compensation packages of the CEO, the General Manager and other key management personnel, and the definition of criteria for the compensation of top management, including the performance targets tied to bonuses;
- d) monitors enforcement of the decisions made by the Board, in particular by verifying the achievement of performance targets;
- e) reviews any employee stock option plans or cash incentive plans and the company's strategic development policies for human resources.

In accordance with Criteria 4.C.1(e) of the Corporate Governance Code, the committee may access all information and departments necessary to perform its duties and may also hire external consultants, without exceeding the budget assigned.

The Board of Directors has assigned to the Remuneration and Appointments Committee a budget of €50,000. As stated in the Board Regulations, the financial resources available to the committee can be increased for specific needs.

9 REMUNERATION OF DIRECTORS

The company's remuneration policy is consistent, *inter alia*, with the applicable provisions of the Corporate Governance Code.

For information on the company's general remuneration policy, share-based compensation plans (which do not exist at present but could in the future), remuneration of executive and non-executive directors and key management personnel, incentives in place for the Internal Auditing manager and the financial reporting manager, and indemnities due to directors in case of resignation, dismissal or termination of employment further to a takeover, see the Rai Way Remuneration Report prepared in accordance with Art. 123-ter TUF, which will be made available to the public by the deadline and the means provided for by law, including via publication online at www.rairway.it, Corporate Governance section ("Assemblea Ordinaria del 28 aprile 2016").

We report in any case that there are no agreements between the company and its directors allowing for indemnities of any kind, including insurance indemnities, in case of resignation or dismissal without just cause or termination as a result of a takeover.

The following table indicates where information on the above aspects can be found in the Remuneration Report.

Information recommended by the Corporate Governance Code	Relevant part(s) of the Remuneration Report
General remuneration policy (Principle 6.P.4 of the Corporate Governance Code)	Section I
Share-based remuneration plans (Criteria 6.C.2 of the Corporate Governance Code)	N/A
Remuneration of executive directors (Principle 6.P.2 of the Corporate Governance Code)	Section I, Par. 3 and 4 Section II
Remuneration of key management personnel (Principle 6.P.2 of the Corporate Governance Code)	Section I, Par. 3 and 4 Section II
Incentive plans for the financial reporting manager (Criteria 6.C.3 of the Corporate Governance Code)	Section I, Par. 3 and 4 Section II
Incentive plans for Internal Auditing manager (Criteria 6.C.3 of the Corporate Governance Code)	Section I, Par. 4
Remuneration of non-executive directors	Section I, Par. 4 Section II
Indemnities for directors in case of resignation, dismissal, or termination due to a takeover (Principle 6.P.5 of the Corporate Governance Code)	N/A (<i>see</i> Section I, Par. 4)

10 CONTROL AND RISKS COMMITTEE

The company has established a Control and Risks Committee (see Part 6 of this report).

This role of the Controls and Risks Committee (also referred to as the "**Committee**" for the purpose of this Part) is to assist the Board of Directors in issues relating to internal controls and policies for managing risks, and to oversee related party transactions pursuant to the Regulation on Related Party Transactions and the Related Party Transactions Procedure.

Provisions concerning the duties, composition, organization and functioning of the Control and Risks Committee are contained in the Board Regulations.

10.1 *Composition and functioning of the Control and Risks Committee (Art. 123-bis[2][d] TUF)*

The members of the Control and Risks Committee, including its chairperson, were appointed by the Board of Directors as of the First Trading Day and remained in place throughout 2015 and up to the date of this report. Consistently with Art. 37 of the Market Regulations, because Rai Way is under the management and coordination of Rai, this committee is comprised wholly of independent directors pursuant to Art. 3 of the Corporate Governance Code and Art. 148(3) of the Consolidated Law on Finance.

The members of the Control and Risks Committee are Joyce Victoria Bigio (Chair), Fabio Colasanti and Alberto De Nigro.

All members of the Control and Risks Committee have sufficient knowledge and experience in accounting/finance or risk management.

Unless a shorter term is decided at the time of appointment, the members serve for as long as they hold seats on the Board of Directors. They may resign from the committee, without necessarily resigning from the Board of Directors. If a member leaves office for any reason, the Board of Directors appoints a replacement. The new member's term is the same as that of the person replaced. If the chair of the committee leaves office, when appointing that person's replacement, the Board of Directors will also designate the new chair.

The Shareholders' meeting determines the annual fees for committee members.

The committee meets with the frequency considered appropriate and whenever a meeting is requested by one of its members or the chair of the Board of Statutory Auditors; the notice of meeting is sent by the committee chair or committee secretary, as a rule at least three days prior to the scheduled date. In urgent cases, as determined by the committee chair, meetings may be called one day in advance. The notice must contain the place, date and time of the meeting as well as the agenda. The meeting is considered to be held where the committee chair and secretary are located.

A meeting is valid if attended by the majority of members in office; motions carry with an absolute majority of those present. In case of a tie, the chair's vote will prevail. If the chair is absent or unable to serve, the most senior member of the committee will take over as temporary chair. The committee chair may decide to hold meetings by audio/videoconference, provided that each of the participants can be identified by all others and that each of them can participate in real time in the deliberations and receive, view and transmit documents.

During committee meetings, a secretary (who need not be a member of the committee) is appointed to draw up minutes of the meeting, being sure to explain any dissenting positions by those present. The secretary will archive the minutes so they can be

consulted by any committee members who were absent, and/or by the directors or statutory auditors.

Committee meetings are attended by the financial reporting manager, the internal auditing manager and the chair of the Board of Statutory Auditors, or another standing auditor designated by that person (standard practice in any case is to invite all members of the Board of Statutory Auditors); department managers and other executives from the company may also be invited for specific topics. The chair of the Board of Directors and the chief executive officer are always entitled to attend.

The committee may spend an appropriate amount in fulfilment of its duties, without exceeding the annual budget approved by the Board of Directors.

The Board Regulations, consistently with the Related Party Transactions Procedure, also govern the temporary substitution of a committee member when the committee is due to give an opinion on a transaction with related parties or associates. After affirming that for every transaction considered, all committee members must be persons other than the counterparty or their associates, the Regulations state that if a committee member is a counterparty to the transaction (or a person related to a counterparty), he or she must promptly inform the chair of the Board of Directors and the committee chair and abstain from attending committee sessions concerning the transaction in question.

In this case the chair of the Board, with input from the committee chair, will immediately substitute the conflicted member by asking another independent, non-related member of the Board of Directors to serve in that person's stead.

For transactions with related parties and/or associates that need to be finalized as a matter of urgency and for which the committee's input is required during the negotiation and due diligence phase and/or the opinion gathering phase, the committee chair, having acknowledged the urgency and learned that most or all members are unavailable to meet or in any case to perform the required task in time for the transaction to go through, will announce this impediment to the chair of the Board of Directors. Such notice must be given no later than the day after the committee chair learns of the unavailability of the majority or all of the members. After consulting the CEO to determine whether it is feasible to delay the transaction, the chair of the Board of Directors will immediately replenish the committee with independent directors to make up for the shortfall of members, following the same procedure described for temporary substitutions due to conflict of interest (appointment of replacement[s] from among the independent members of the Board). This also applies if the shortfall is caused by the resignation of a committee member.

In 2015 the committee met 12 times, for an average of 3 hours and 17 minutes each, with minutes duly taken on each occasion. One or more members of the Board of Statutory Auditors was present at every meeting along with the financial reporting manager, the internal auditing manager and invited representatives from the external auditing firm, while the other meetings were attended variously by the chair of the Board of Directors, the chief executive officer, and/or (at the committee's invitation) the independent director not serving on the committee. In addition to its duties concerning related party transactions, the committee performed the due diligence activities assigned to it, in particular by reviewing the proposed guidelines of the Internal Control and Risk Management System (ICRMS), evaluating the annual audit plan prepared by the internal auditing manager (hence monitoring implementation of the plan and reviewing the audit reports submitted by the manager, the structure of the manager's bonus and the Internal Auditing department's budget and other resources), monitoring the preparation of the financial statements (hence judging the adequacy of the accounting standards used by the company together with the financial reporting manager and the independent auditors and gathering information on the

latters' plan of work) and the long-term business plan and budget, expressing a positive opinion of the ICRMS and in particular of the internal audit and management system and the management reporting process on the basis of input from the internal auditing manager and the financial reporting manager, and analyzing the most significant aspects and impacts of the main contracts signed with the parent company.

See TABLE 2 of this report for information on the attendance rate of individual committee members.

In 2016, the committee plans to meet whenever necessary in order to fulfil its responsibilities properly and effectively. As of this writing it has met three times, mostly for due diligence proceedings relating to the ICRMS. In particular it has reviewed the proposed guidelines of the ICRMS and the 2016 audit plan prepared by the internal auditing manager, monitored the preparation of the 2015 financial statements and the management reporting process, confirmed the adequacy of the accounting standards used by the company, and gathered information on the independent auditing process and the updates planned for the management control systems.

10.2 Duties attributed to the Control and Risks Committee

In accordance with the recommendations contained in Criteria 7.C.1 and 7.C.2 of the Corporate Governance Code, the role of the Committee – providing support to the Board of Directors- is to provide information, advice, make proposals and enquiries, in defining, based on a risk-oriented approach, the guidelines for the entire internal control system, and to assess its effectiveness and efficiency, so that the main risks are properly identified, as well as appropriately measured, managed and monitored, without prejudice to the Board of Director's power to make all decisions on the issue at hand.

The Committee helps to promote a corporate culture that values the control function, steering it towards a risk-oriented approach.

The Committee's mission also includes evaluating the adequacy of the accounting standards used for preparing the financial statements and overseeing the effectiveness of the audits and the activities of external auditors.

The Committee is also responsible, as indicated, for related-party transactions.

In particular, the Committee is called upon to perform the following activities:

- a) reporting to the Board of Directors, at least every six months, at the time of approval of the financial statements and interim financial statements, on activities carried out, and also describes the essential elements of the internal control system, rating its adequacy, effectiveness and actual functioning;
- b) assessing the guidelines and annual audit plan prepared by the Internal Auditing function, checking compliance and monitoring the adequacy, effectiveness and efficiency of the above-mentioned Internal Auditing function;
- c) reviewing periodic reports and audit reports produced by the Internal Audit function, and evaluates any findings, following any actions taken to remedy deficiencies/anomalies identified, as well as the implementation of the proposed corrective measures and adoption of the recommendations made, if any;
- d) assessing the adequacy of accounting standards used and their uniformity for preparing the consolidated financial statements, in conjunction with the company financial reporting officer and external auditors;
- e) examining the process for preparing the quarterly and half-year financial reports as well as the annual financial statements, on the basis of the reports by the heads of the relevant function;

- f) evaluating the proposals made by external auditors seeking to obtain appointment, including the amount of remuneration;
- g) overseeing the audit process, reviewing the audit work plans and the findings contained in the audit report and the management letter, if any;
- h) meeting with the external auditors at least once a year;
- i) examining the reports received by the Board of Statutory Auditors and by the Supervisory Board pursuant to Legislative Decree 231/01, to assess the findings and ensure that action is taken to remedy any abnormal situation or shortcomings reported;
- j) requesting, if necessary, the internal auditing function to conduct audits on specific operational areas, at the same time informing the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and the Appointed Director;
- k) expressing its opinion to the Board of Directors on the Corporate Governance Report, for the purposes of describing the main features of the Internal Control and Risk Management System, and evaluating its adequacy;

Furthermore, in accordance with the related parties procedure adopted by the Company, the Committee:

- a) formulates preliminary opinions (binding, where appropriate) on procedures for the identification and management of transactions with related parties and/or associated persons carried out by the Company as well as on the relevant changes thereof;
- b) formulates preliminary, reasoned opinions, when explicitly required, also in the interest of carrying out transaction with related parties and/or with associated persons to be implemented by the Company and on the appropriateness and fairness of the relative terms and conditions;
- c) in case of transactions of greater importance with related parties and/or associated persons, the Committee is involved - if deemed advisable by the Committee itself, through one or more of its delegated members- in the negotiation and the diligence phase by receiving a complete and prompt stream of information, with the option to request information and make observations to the appointed bodies and persons in charge of conducting the negotiations or diligence phases ⁽⁵⁾.

In compliance with criteria 4.C.1., letter e) of the Corporate Governance Code, in the performance of their duties, the Committee has the right to access the necessary company's information and functions, as well as to avail themselves of external advisors for the performance of their duties, within the limits of the budget they have been allocated;

The Board has allocated a budget of 50,000 euro to the Control and Risks Committee to carry out their duties. In accordance with the provisions of Board Regulation, the financial resources available to the Committee may be supplemented to meet specific needs.

⁽⁵⁾ Without prejudice to the provisions of necessary application contained in the Regulation on related party transactions, the provisions concerning the approval and execution of "Transactions of Greater Importance" described above are to go into effect beginning on the day after the financial statements approval date for the the second financial year following the year of public listing in accordance with the provisions of Article 10 of the Regulation on related party transactions regarding "companies recently listed".

11 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

11.1 Introduction

The Company has adopted, in line with Article 7 of the Corporate Governance Code, an internal control and risk management system – understood as a set of policies, procedures and organizational structures – which seeks by identifying, measuring, managing and monitoring the main risks to contribute to sound and proper company management, consistent with the predetermined objectives.

The risk management system should not be considered separate from the internal control system in relation to the financial reporting process; both of them are elements of the same system.

The Internal Control and Risk Management System (ICRMS) of Rai Way consists of the tools, company rules and regulations- that the Company has adopted and is increasingly developing- aimed at ensuring sound, fair and transparent company management, consistent with the predetermined objectives defined by the Board of Directors through a suitable process of identification, measurement, management and monitoring of the main risks, as well as through the structuring of adequate information flows designed to guarantee the circulation of information.

The ICRMS of Rai Way is integral to the organizational and corporate governance framework, as it is a key element of the entire corporate governance system and plays a central role in the organization. The planning, implementation and upkeep of the ICRMS, as well as its periodic assessment, are based on the principles of the Corporate Governance Code and best practises, complying with the CoSO Report ⁽⁶⁾, which represents the internationally accepted framework, for the integrated performance, analysis and assessment of the ICRMS.

The implementation of an effective and efficient ICRMS promotes an informed decision-making process. It also contributes to ensuring the protection of corporate assets, the efficiency and effectiveness of corporate processes, the reliability of financial information, and compliance with laws and regulations, including internal rules. Therefore, the corporate compliance models, structured and organized in accordance with applicable statutory provisions, are an integral part of the ICRMS.

The Company's ICRMS consists of the following five components:

1. The control environment, which represents a key element and the core component of the ICRMS, providing ethical values and organization. Rai Way has appropriate tools, such as the Code of Ethics, the Organisational, management and control model (Model 231), a plan to prevent corruption pursuant to Law no. 190 of 6 November 2012, an organizational structure, a powers and proxies system for the correct and transparent management and representation of the company, as well as professional development mechanisms.
2. Risk assessment and management which consists in identifying and analysing factors that could compromise the achievement of the objectives and in determining how these risks should be handled. The risk management system of Rai Way is aimed at helping to achieve the company objectives, ensuring the reliability and integrity of the financial and other types of reporting, to preserve the integrity of the corporate assets and to ensure compliance with laws and

⁽⁶⁾ CoSO – Committee of Sponsoring Organisations of the Treadway Commission (1992), Internal Control, Integrated Framework.

regulations. The risks must be identified and managed by the heads of the various business functions, while all staff members, in addition to the goal of reducing risks related to their work, play a part in identifying and reducing the overall risks of the processes. The risk management process is established within the planning, budgeting and management control system.

3. The control activities, which are defined in the company's procedural framework. These controls are implemented at all organizational levels and include a set of activities aimed at the prevention, detection and correction of at-risk events, such as the segregation of duties, the approval/authorisation of transactions, audits, monitoring, analysing operational performance and the mechanisms for protecting corporate assets.
4. Information and communication, which must be identified, reported and disseminated in a timely and appropriate manner to allow the various corporate functions to allow the various corporate functions to carry out their responsibilities and mission. The company information systems process information relating to financial and operational aspects, making it possible to manage and monitor the company. They are carried out, through the use of appropriate information and awareness raising tools, effective communication downward, upward and horizontal to the Rai Way structure, thereby helping to increase the awareness of management and staff at Rai Way on the importance of an efficient and effective ICRMS and on every individual's role within it.
5. Monitoring, which includes a set of activities aimed at checking that the ICRMS is properly designed and operating. This consists in continuous monitoring, periodic evaluations, or a combination of both. Continuous monitoring is carried out within the framework of current operations and includes monitoring activities carried out by Rai Way executives and officers, as well as under the initiative of staff in performing their duties. The continuous monitoring procedures are therefore incorporated in the normal operations, while the periodic evaluations are carried out based on the risk assessment and safeguarding actions. The Internal Auditing function carries out periodic monitoring through specific evaluations on the adequacy and functionality of the ICRMS for the process/business area under analysis. Shortcomings in the ICRMS are assessed and reported in order to define and implement appropriate corrective actions.

The Board of Directors has approved, as part of the Global Offering, the descriptive memorandum of the ICRMS, which, in particular identifies the individuals responsible for it and the key performance indicators. With the above resolution, the Board of Directors has attested:

- (i) the Company has adopted a management control system permitting corporate officers to obtain, regularly and promptly, a sufficiently complete picture of the profits and losses and financial situation of the company and making it possible to:
 - monitor the key performance indicators and risk factors of the Company;
 - produce data and information, with special reference to financial data, at a level of detail adequate to the type of business, the complexity of the organisation and the management's specific information needs;
 - prepare forward-looking financial data for the business plan and the budget and verify the achievement of the company's objectives by means of gap analysis;

- (ii) the compatibility of any problem areas present in the management control system with the categories of problems provided for by Borsa Italiana in the Instructions the problems belong.

In 2015, the control system described in the aforementioned memorandum continued to apply, while the process of updating several aspects is ongoing for 2016. The Board of Directors has positively assessed the ICRMS with reference to 2015, after having obtained the favourable opinion from the Control and Risk Committee. The Board of Directors also approved a financial risk management policy, devising the approach and procedures aimed at minimising financial risks, in order to maintain the value of the company, which was also followed throughout 2015.

11.2 Description of the main characteristics of existing risk management and internal control systems used in relation to the financial reporting process

The ICRMS, in relation to the financial reporting process, contains a set of administrative and accounting procedures and a system for monitoring and evaluating the suitability and effective application of these procedures and system. These procedures are updated/integrated in relation to organizational changes or the identification of areas for improvement.

The ICRMS, in relation to the financial reporting process is designed to ensure the reliability (7), accuracy (8), integrity (9) and timeliness (10) of financial reporting.

The Financial Reporting Manager has been assigned specific tasks relating to financial reporting, details of which are provided in Section **Errore. L'origine riferimento non è stata trovata.** of this Report.

The ICRMS is characterized by:

- a system of separate bodies and control functions (the Board of Directors, the Control and Risks Committee, the Appointed Director, the Board of Statutory Auditors, the Financial Reporting Manager, the Internal Auditing Manager), each of which are attributed specific tasks within the ICRMS, as described in detail in Section **Errore. L'origine riferimento non è stata trovata.** of this Report;
- the definition of adequate information flows between the various actors involved, as well as the identification of operating procedures that ensure coordination amongst them;
- holding all Rai Way management accountable, to ensure the adequacy and effectiveness of the ICRMS for the activities that fall under their remit.

(7) Reliability (of information): information which has the characteristics of accuracy and conformity with the generally accepted accounting standards, and meets the requirements of the applicable laws and regulations.

(8) Accuracy (of information): information which is objective and accurate. Information is deemed objective if it is free from misrepresentations aimed at influencing the decision-making process of its users in order to achieve a predetermined result.

(9) Integrity (of information): information which is clear and complete, so that it leads to informed investment decisions by investors. Information is deemed clear if it facilitates the understanding of complex aspects of business, without however resulting excessive and redundant.

(10) Timeliness (of information): information which complies with deadlines established for its disclosure.

The ICRMS must be designed in a way that permits corporate officers to obtain, regularly and promptly, a sufficiently complete picture of the profits and losses and financial situation of the company and making it possible to: (i) monitor the key performance indicators and risk factors of the Company; (ii) produce data and information, with special reference to financial data, at a level of detail adequate to the type of business, the complexity of the organisation and the management's specific information needs; (iii) prepare forward-looking financial data for the business plan and the budget and verify the achievement of the company's objectives by means of gap analysis.

(A) Stages of the existing risk management and internal control system used in relation to the financial reporting process

Identification and assessment of financial reporting risks

The ICRMS regarding the financial reporting process was designed after a preliminary activity involving the recognition and assessment of the main risks (inaccuracy, incompleteness, lack of integrity, unreliability) relating to transactions generated by those company processes considered significant, which feed into the Company's accounting data and financial reporting.

The identification and assessment of risks is updated any time events occur, inside or outside of the organisation, which affect the effectiveness of the analysis performed or, in any case, require integration.

Definition and evaluation of administrative and accounting procedures and the related controls

Administrative and accounting procedures have been defined within which the key controls were identified in order to ensure the objectives of accuracy, completeness, authorisation and traceability of transactions, as well as the integrity of data and financial information and the IT systems used.

The administrative and accounting procedures and the related controls are monitored and updated through a process managed by the Financial Reporting Manager, who collaborates on an ongoing basis with process owners to ensure that the procedures are updated or supplemented or to facilitate improvement actions.

The administrative and accounting procedures are subject to independent audits by the Company's Internal Auditing function in order to ensure the adequacy of the design and effectiveness of the controls identified.

(B) Roles and Functions within the ICRMS

The ICRMS must include a clear identification of the roles which are attributed to the different stages of design, implementation, monitoring and updating over time of the ICRMS.

The constituents of the ICRMS described in Section **Errore. L'origine riferimento non è stata trovata.** of this Report are coordinated and interdependent among themselves and the system, as a whole, involves – with different roles and based on a collaboration and coordination approach – the administrative bodies, the control bodies, management and all internal and external personnel at Rai Way.

The ICRMS is divided into the following three levels of internal control, each characterized by a different degree of operational involvement in risk management:

- (i) First level control: identification, assessment, management and monitoring of risks under their authority to then identify and implement specific actions to deal with them;

- (ii) Second level control: monitoring the effective management of risks by the first level control, in order to ensure the effectiveness and efficiency of how they are handled, as well as monitoring the adequacy and operational efficiency of the controls put in place to monitor the main risks. Provides support to the first level in the definition and implementation of appropriate management systems for the main risks and related controls.
- (iii) Third level control: provides independent and objective assurance on the adequacy and operational effectiveness of first and second level controls and the entire ICRMS as a whole.

The structure of First and Second level controls are consistent with the size, complexity, specific risk profile and the regulatory framework within which Rai Way operates. First level control is represented by the Company's management, while second level control is represented by management with monitoring functions, such as management controls.

Third level control is maintained by the Company's Internal Auditing function which performs audits applying a risk-based approach of the ICRMS as a whole.

11.3 Bodies and Functions within the ICRMS

11.3.1 Board of Directors and Control and Risks Committee

The Board of Directors shall be responsible for ICRMS, providing strategic guidance and evaluation on the overall adequacy of the system, identifying within the Board:

- the Appointed Director, responsible for establishing and maintaining an effective ICRMS;
- a Control and Risk committee, composed of Independent Directors only, charged with the task of supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the Board of Directors in relation to the ICRMS, as well as to the approval of the periodical financial reports (see Parts 7 and **Errore. L'origine riferimento non è stata trovata.** of this Report).

The Board of Directors, with the favourable opinion of the Control and Risk Committee shall:

- a. define the guidelines of the ICRMS, evaluating, on at least an annual basis, its adequacy in respect to the characteristics of the company and its risk profile, as well as its effectiveness; the Appointed Director is entrusted with the task to establish and maintain an effective ICRMS;
- b. appoint or dismiss, on the proposal of the CEO (in the event he/she covers the role of Appointed Director) in agreement with the Chairman of the Board of Directors, with input from Board of Statutory Auditors, the Internal Auditing Manager, entrusted with the task to verify the functioning and adequacy of the ICRMS and to ensure that the Internal Auditing activities are carried out independently and in a way that guarantees the effectiveness and efficiency of their work;
- c. approve, at least annually, the work plan prepared by the Internal Auditing Manager, having received the favourable opinion of the Control and Risk Committee with input from the Board of Statutory Auditors and the Appointed Director;
- d. evaluate, with input from the Board of Statutory Auditors, the findings of the independent auditors in any comment letters and in the report on fundamental issues that emerged during the audit;

- e. describe, in the corporate governance report the key characteristics of the ICRMS, offering its assessment on its overall adequacy.

In turn, pursuant to the Corporate Governance Code, the Control and Risks Committee, in assisting the Board of Directors shall:

- (i) evaluate, together with the person responsible for preparation of the corporate financial documents (i.e. the Financial Reporting Manager), with input from the external auditors and the Board of Statutory Auditors, the correct application of the accounting principles;
- (ii) express opinions on specific aspects relating to the identification of the main risks for the company;
- (iii) review the periodic reports of the internal audit function concerning the assessment of the ICRMS, as well as the other reports of the Internal Auditing function that are particularly significant;
- (iv) monitor the independence, adequacy, efficiency and effectiveness of the Internal Auditing function;
- (v) request the Internal auditing function to carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the Board of Statutory Auditors;
- (vi) report to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy of the ICRMS.
- (vii) issue prior opinions and prepare proposals on the definition/updating of the ICRMS guidelines;
- (viii) issue favourable opinions on the proposal of the CEO (if he/she covers the role of Appointed Director) concerning the appointment and dismissal of the Internal Auditing Manager;
- (ix) receive from the Supervisory Board a half-yearly report on the activities carried out as well as immediate disclosure in case of ascertained facts of special importance and significance;
- (x) issue prior opinions on the description, as part of the annual corporate governance report, of the main characteristics of the ICRMS, expressing their evaluation on its suitability.

11.3.2 Director responsible for the Internal Control and Risk Management System

The Board of Directors of the Company has appointed the Chairman of the Board of Directors, Mr. Camillo Rossotto, as Appointed Director.

In accordance with the recommendation set out in Criteria 7.C.4. of the Corporate Governance Code, the Appointed Director shall:

- a. identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board of Directors;
- b. implement the guidelines defined by the Board of Directors, taking care of the planning, realization and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness;
- c. adjust the ICRMS to the dynamics of the operating conditions and the legislative and regulatory framework;

- d. request the Internal Auditing function to carry out reviews of specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the Chairman of the Board of Directors, the Chairman of Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- e. promptly report to the Control and Risk Committee (or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the Control and Risk committee (or the Board of Directors) to take the appropriate actions;
- f. submit to the Board of Directors, in agreement with the Chairman, proposals relating to the composition, and any changes thereof, of the Supervisory Board;
- g. submit to the Board of Directors, in agreement with the Chairman, proposals for the appointment or dismissal of the Financial Reporting Manager and the Internal Auditing Manager;
- h. assess and share, at least annually, the audit plan prepared by the Internal Auditing Manager and approved by the Board of Directors;
- i. receive from the Supervisory Board a half-yearly report on the activities carried out as well as immediate disclosure in case of ascertained facts of special importance and significance;
- j. assess and share the half-yearly and annual evaluation of the Financial Reporting Manager.

11.3.3 Board of Statutory Auditors

In line with the mission established by law to this body, the Board of Statutory Auditors monitors compliance with the law and Articles of Association, compliance with the principles of proper administration and the adequacy of the organizational, administrative and accounting system adopted by the Company and its proper implementation. The tasks of the Board of Statutory Auditors also include audits on the efficiency, completeness, adequacy, functioning and reliability of the ICRMS, carried out also through the participation of the Chairman of the Board of Statutory Auditors and/or other Auditors appointed at Control and Risk Committee meetings.

To perform its duties, the Board of Statutory Auditors has adequate sources of information from the other corporate bodies and control functions.

As described in detail in Section **Errore. L'origine riferimento non è stata trovata.** of this Report, the Board of Statutory Auditors performed the role of Supervisory Board until the arrival of the new members of the latter body, which took place on 11 March 2015.

11.3.4 The Internal Auditing Manager

The Board of Directors of Rai Way, at the Appointed Director's recommendation and following the favourable opinion of the Control and Risk Committee, with input from the Board of Statutory Auditors, appointed Angela Pace as Internal Auditing Manager. She has also been appointed as the "Corruption Prevention Manager" pursuant to Law no. 190 of 6 November 2012.

The appointment as Internal Auditing Manager has been granted for an indefinite period of time. For the purposes of determining the Internal Auditing Manager, we evaluated the candidate's profile along with the characteristics of good repute, integrity, respectability, independence, professionalism, competence and the experience necessary, as well as any

incompatibilities, also in terms of conflict of interests, with prior activities or functions covered at the Company or at other companies and/or entities related to it.

In compliance with Article 7 of the Corporate Governance Code, the Internal Auditing Manager shall:

- a. verify, both on a continuous basis and in relation to special needs, in conformity with international standards, the adequacy and effective functioning of the ICRMS, through an audit plan, to be approved by the Board of Directors. Such a plan shall be based on a structured analysis and ranking of the main risks;
- b. not be responsible for any operational area;
- c. have direct access to all useful information for the performance of its duties;
- d. draft periodic reports containing adequate information on its own activity, and on the company's risk management process, as well as about the compliance with the management plans defined for risk mitigation;
- e. prepare timely reports on particularly significant events;
- f. submit the reports indicated under items d) and e) above to the chairman of the Board of Statutory Auditors, the Control and Risks Committee and the Board of Directors, as well as to the Appointed Director and the Supervisory Board for the matters under its responsibility;
- g. verify, according to the audit plan, the reliability of information systems, including the financial reporting system;
- h. ensures the management of the preliminary activities concerning reports (suspected wrongdoing), and is responsible for the information flows on investigations conducted against top management and the company's control bodies.

The Internal Auditing Manager reports to the Board of Directors and, for this, the Chairman, without prejudice to him/her being functionally subject to the authority of the Control and Risk Committee and Appointed Director.

The Board of Directors has established that the remuneration structure of the Internal Auditing Manager, consistent with the Company's policies, is determined, following a proposal made by the CEO, after consulting the Chairman of the Board of Directors (in his capacity as Appointed Director) and also following the favourable opinion of the Control and Risk Committee, as well as input from the Board of Statutory Auditors.

The Board, based on the proposal of the CEO but with the favourable opinion of the Chairman of the Board of Directors (in his capacity as Appointed Director), as well as the prior positive evaluation expressed by the Control and Risk Committee and always after receiving input from the Board of Statutory Auditors, shall approve as part of the company budgeting process, the Internal Auditing budget, ensuring that adequate resources are made available to the Internal Auditing manager so that it is able to fulfil its assigned responsibilities.

For 2016, the Board has assigned to the Internal Auditing manager a budget of €87,000 having taken account the use of resources already provided in 2015.

As mentioned, in addition to not engaging in any operational activity, the Internal Auditing manager is not authorized to:

- (i) initiate or approve operations, transactions or accounting records, except for those pertaining to Internal Auditing;

- (ii) perform, on behalf of other bodies or functions, internal control and risk management activities which, due to their nature, extent and tasks to be performed, could undermine the independence of the Internal Auditing function.

11.3.5 Internal Auditing

In line with the "*Standards for the Professional Practice of Internal Audit*", issued by the "*Institute of Internal Auditors*", Internal Auditing has the task to provide independent, objective assurance activities designed to promote actions to improve the efficiency and effectiveness of the internal control system and the corporate organization. Internal Auditing helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and corporate government processes⁽¹⁾.

The main tasks of Internal Auditing are:

- a. to assess, within their limits of assessment tools available, the performance and adequacy of the ICRMS and to provide evaluations and recommendations to promote the effectiveness and efficiency;
- b. to provide specialist support to management in ICRMS issues, in order to enhance efficiency, effectiveness the integration of controls in corporate processes and promote the continuous improvement of corporate governance and risk management processes.

Lastly, Internal Auditing reports to the Chairman, CEO, Control and Risk Committee, Board of Statutory Auditors and the Supervisory Board on the activities carried out and the results thereof.

With reference to the prevention and identification of irregularities, the responsibility of Internal Auditing is limited and consists in conducting audits, identifying and assessing the ICRMS adopted for the process/activity under review, and analysing the evidence obtained in a professional manner.

Management is responsible for the correct design and effective functioning of the ICRMS over time, the definition of corporate objectives and processes, the prevention and identification of irregularities, as well as the conformity of the way risks are managed with the defined mitigation plans.

Furthermore, Internal Auditing:

- (i) based on the principles and criteria defined, organizes and supervises the systematic collection of data, information and the assessments required for making and updating the Auditing Plan proposal;
- (ii) carries out supervisory activities on behalf of the Company's Supervisory Board;
- (iii) monitors the implementation of corrective actions by obtaining statements and evidence from management (so-called documentary follow-up) and/or through operational audits of their effective implementation (so-called on site follow-up) in case of critical problem areas (ratings).

The Internal Auditing activities are planned based on an annual auditing plan, approved by the Board .

The plan is prepared using a "top-down / risk-based" approach.

⁽¹⁾ Definition approved by the Board of Directors of the Institute of Internal Auditors on 26 June 1999 and implemented by current International Internal Auditing Standards.

In addition to these activities, Internal auditing also performs spot check audits not scheduled in the auditing plan based on requests received from the company's Chairman of the Board of Directors, the CEO, the Control and Risks Committee, the Board of Statutory Auditors or the Supervisory Board.

In 2015, Internal Auditing Manager, Angela Pace, performed her duties in implementation of the above functions assigned, which were not amended during the year, in particular by implementing the work scheduled in the Audit Plan for the year.

11.3.6 Financial Reporting Manager

Article 32 of the Articles of Association provides that the Board of Directors, subject to the obligatory opinion of the Board of Statutory Auditors, appoints – for a maximum period of three years, renewable at the expiration – a Financial Reporting Manager of company accounting documents, to whom it grants the powers provided in Art. 154- bis TUF.

The Financial Reporting Manager is chosen by the Board of Directors from among the company executives who meet the professional competence requirements, characterised by specific expertise in administration and accounting related issues. Such expertise, to be ascertained by the Board of Directors, must be acquired through work experiences in a position of adequate responsibility for a reasonable period of time and in businesses comparable to that of the company. The Financial Reporting Officer must also meet the integrity requirements provided by prevailing legislation for a statutory office. If the Officer no longer meets the integrity requirements, he/she shall be removed from office.

Consistent with the provisions of Art. 154-*bis* TUF, the Financial Reporting Manager of preparation of the company accounts is responsible for: (i) preparing adequate administrative and accounting procedures for the preparation of the financial statements for the year and, where envisaged, the consolidated financial statements as well as all other financial communications; (ii) prepare the documents and notices provided by the law or disseminated on the market, containing information and figures on the economic, equity or financial position of the company, with a written declaration certifying that they correspond to the truth; (iii) ensure the preparation of the financial statements and, where envisaged, the consolidated financial statements and quarterly and half-year reports; and (iv) within the relative areas of authority, represent the company and, where applicable, the group of which it forms a part, with respect to the international financial community.

The company's Board of Directors meeting held on 11 September 2014 appointed its Chief Financial Officer, Adalberto Pellegrino, as Financial Reporting Manager.

Subsequently, with a resolution of 18 September 2014, the Board of Directors added to and amended the powers of the Chief Financial Officer.

The Board of Directors, on 11 September 2014 and 18 September 2014, respectively, attributed the following powers and functions to the Chief Financial Officer.

- (i) definition of the financial and administrative strategies and policies, preparation of the periodic financial reporting and overseeing their implementation;
- (ii) overseeing the preparation of the company's financial statements, as well as every other interim accounting document and related communication to the public, optimization of financial and industrial risk management, the tax burden and stakeholder aspects, financial programming and control, obtaining the financial resources, development and management of financial services in support of the industrial and commercial operations, selection of the financial advisors as well as capital market transactions and compliance connected with corporate reporting

- regulations;
- (iii) responsibility for supervision of the administrative and financial operations (general accounting, customers and suppliers accounting, short and medium/long-term planning (business plan), treasury management and tax compliances - VAT and income taxes);
 - (iv) overseeing the preparation and consolidation of plans, budgets and revised forecasts and responsibility for supervision of the objectives fixed thereby, preparation of the administrative/financial reporting (gap analysis, preparing forecasts, receipts and payments management);
 - (v) responsibility for administrative management of the general corporate contracts, above all with reference to the payments and collections terms and guarantees given;
 - (vi) overseeing the relationships with the national and international financial community;
 - (vii) overseeing the management of the functional areas under his responsibility relating to the preparation of the internal procedures and the optimization of the operational processes;
 - (viii) management of tax/related litigation and pre-litigation (and all connected activities), subject to agreement with the Chief Executive Officer for disputes of a value of up to €1,000,000.00 and subject to informing the Chairman for disputes of a value exceeding €1,000,000.00;
 - (ix) regarding transactions concerning investment of the cash and cash equivalents and loan transactions, the completion of all the activities listed below, within the value limit, per individual transaction or jointly considering other connected negotiations, of €500,000.00, including therein:
 - applying for and taking out loans, credit facilities and similar, with a term of less than 18 months and negotiation of the relative settlement conditions;
 - investing corporate liquidity in the following typologies of financial instruments: current account and bank deposits at sight and upon expiration; repurchase transactions and instruments equivalent to bank and financial counter parties and bond securities;
 - subject to agreement with the Chief Executive Officer, enter into contracts for assignment of receivables, factoring and similar contracts, including with the granting of guarantees;
 - (x) in addition to the activities described above, execute the following financial transactions for various matters and within the value limit, per individual transaction or considered jointly with other connected transactions, of €500,000.00:
 - enter into contracts with banks, financial institutions and companies for hedging transactions for exchange and interest rate risk in accordance with the guidelines indicated by the Board of Directors of Rai Way;
 - enter into contracts with banks, financial institutions and companies for services connected with financial management, including payment authorizations;
 - arrange guarantees, security deposits and other guarantees relative to contracts and orders, arranging deeds of administration and restitution;
 - arrange the connected and consequent compliances for the access,

administration and repayment of loans, including bonds and medium/long-term mortgages, with liens on real estate or corporate operating assets also, permitting their recording and arranging cancellation;

- subject to agreement with the Chief Executive Officer, conclusion of payables/receivables set-off agreements and acceptances of assignments of receivables, factoring and irrevocable payment instructions from suppliers;
- opening of current accounts and overdrafts with Rai and related administration, fixing the settlement conditions;
- power of claiming sums and credit instruments with both private parties and companies, public and private administrations, issuing discharge receipts;
- opening, administration, management and repayment of current accounts and overdrafts in any currency, with banks, post offices and financial institutions; drawdown and payment of overdrafts and negotiation of the relative settlement conditions;
- effecting the compliances provided by Art. 3 of Law 136/2010;
- granting of powers of attorney in connection with the powers granted.

With reference to the duties of the Financial Reporting Manager, the Board of Directors meeting of 4 September 2014 granted the powers described below.

The Financial Reporting Manager carries out the certifications and declarations prescribed for the latter by the regulations in effect, where requested, including jointly with the authorised bodies. Specifically: the company's deeds and notices distributed to the market, and relating accounting information including interim thereof, which are accompanied by the Financial Reporting Manager's written declaration, which attest to the correspondence with documented results, books and accounting records.

Furthermore, the delegated management bodies and the Financial Reporting Manager attest, with an appropriate report, the annual financial statements, abbreviated interim financial statements and, where prepared, the consolidated financial statements (not prepared by the company as it does not hold equity investments in other companies):

- (a) the adequacy and effective application of the administrative and accounting internal procedures for the formation of the financial statements for the period to which the documents refer;
- (b) that the documents are prepared in conformity with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
- (c) the correspondence of the documents to the results of the books and accounting records;
- (d) the suitability of the documents to provide a true and correct representation of the equity and financial position of the company (not being, as at 31 December 2015, or as at the date of this report, a company subject to consolidation);
- (e) the Directors' Report on the annual financial statements includes a reliable analysis of the performance and result from operations, as well as the issuer's situation and that of the combination of consolidated companies (as stated, not applicable as at 31 December 2015, also as at the date of this report), together with a description of the principal risks and uncertainties;

- (f) the interim Directors' Report on the abbreviated interim financial statements contains a reliable analysis of the information mentioned in paragraph 4 of Art. 154-*ter* TUF.

The Financial Reporting Manager, for the purpose of performing the duties established by Art. 154-*bis* TUF and other applicable directives, exercises the following powers:

- (i) free access to all information considered as relevant for discharging his duties within the company;
- (ii) attendance at the Board of Directors meetings that provide for the dissertation on matters falling within his authority;
- (iii) to speak to the Board of Directors and Board of Statutory Auditors of the company;
- (iv)
- (v) to approve the corporate procedures when they have an impact on the financial statements, consolidated financial statements or on the other documents subject to certification;
- (vi) participation in the design of the information systems that have an impact on the equity and financial position of the company;
- (vii) to use the external internal audit function for the mapping and analysis of the processes under his authority and in the execution phase of specific controls;
- (viii) possibility of utilisation of the information systems.

The Financial Reporting Manager therefore has the power of preparing, including with aid from external consultants, a series of relative procedures (*a*) for standardisation of the flow of information to the Financial Reporting Manager and (*b*) formation of the financial statements and any other financial communications.

During the 2015 financial year the aforesaid powers and functions granted to the Financial Reporting Manager, Mr. Adalberto Pellegrino, who arranged to carry out the activities contemplated therein, remained in existence.

11.4 *Coordination methods between parties involved in the internal control system and risk management*

To carry out their role on matters of ICRMS appropriate flows of information amongst the aforesaid three levels of control and the authorised bodies are defined, coordinated and updated in terms of contents and timings. All flows in support of the ICRMS evaluations by the Board of Directors converge in the Control and Risks Committee that conducts an appropriate preliminary check the results of which is referred directly to the Board of Directors, in the area of its periodic reports and/or by the issue of specific opinions. Such flows are also passed to the Board of Statutory Auditors as a function of the exercise of the duties attributed thereto by the law on ICRMS matters.

The methodologies of interaction between the corporate functions and bodies involved in ICRMS were designed with the objective of avoiding overlapping or gaps as much as possible, as well as alter, including in substance, the primary responsibilities of the corporate bodies involved in ICRMS.

As far as concerns the inter-relationships between the second and third level control functions, these are in the more general framework of active and constant collaboration, achieving:

- participation in the definition and/or updating of the internal regulations on risks and controls matters;
- exchange of information, document or data flows as well as access to any corporate or information resource in line with the control requirements of the functions;
- systematic participation in the board and managerial committees or on request;
- participation in work groups, constituted from time to time on subjects correlated with risk and control issues.

Improvement of the interaction between control functions and the constant updating to the corporate boards thereof relating to the activities carried out have the ultimate purpose of establishing over time corporate governance that ensures sound and prudent management including through more effective supervision of the risk at all corporate levels.

During the 2015 financial year, and up to the date of this report, there were constant information flows both through the reports prepared by the reports sent by the Control and Risks Committee to the Board of Directors, and with constant attendance of one or more members the Board of Statutory Auditors at the meetings of the Committee itself and the Board, such as through the reports of the Board of Statutory Auditors mentioned in the Organisational, management and control model (Form 231) (jointly written with the Board of Statutory Auditors up to 11 March 2015 and regarding which please refer to the following section 10.5.3) directed to the Board of Directors and also notified to the Control and Risks Committee (the latter in the first meeting of the 2016 financial year met the Chairman of the and the Board of Statutory Auditors and other members of the latter for a further exchange of general information on the activities conducted and planned). In the same manner the Internal Audit Head and the Financial Reporting Manager have specifically, and to the extent of their authority, constantly attended meetings of the Control and Risks Committee and referred thereto, as well as directly at various meetings of the Board of Directors, in addition to statutory auditors' checks.

11.5 *Organisational model pursuant to Legislative Decree 231 of 2001*

The Organization, Management and Control Model adopted by the company pursuant to Legislative Decree no. 231/2001 (the "Model 231") was originally approved by the Board of Directors in December 2006 and subsequently updated. During 2015 the Board of Directors, on a proposal of the Board of Statutory Auditors, arranged to update the Model on 12 March 2015, with reference to the infringement of privileged information offences (Art. 184 TUF) and market manipulation (Art. 185 TUF), and then on 2 December 2015, with reference both to the General Part of the Model, mainly for the purpose of alignment to organisational changes that concerned the company, and to the Special Part, relating to the self-laundering offences, further cases of environmental offences, as well as a function of the most recent re-formulation of the false corporate communications offences. Furthermore, on 30 July 2015 the Board of Directors approved a new Statute of the Board of Statutory Auditors, on a proposal of the latter, as an integral part of the Model 231.

11.5.1 Basic principles

Rai Way's Model 231 conforms to:

- the indications in Legislative Decree 231/2001;
- the "*Guidelines for the Construction of Organisation, Management and Control Models pursuant to Legislative Decree 231/2001*" of Confindustria, and, specifically, to the components of preventive control system;
- the Rai Group's corporate Code of Ethics as adopted by the company;

- corporate governance, existing in the Rai Group, which the company has decided to adopt.

Recipients of the Model 231 are identified as people who:

- have representation, administration or management functions in the company or of one of its organisational units or staff area, or else who, though not having a formal investiture, exercise, including de facto, the management and control thereof;
- are subjected to the management or supervision of one of the parties mentioned above (all other company employees operating in the organisational units or staff area).

Observance of the Model 231 is also imposed on all those who, though not part of the company, operate for the achievement of the purposes and objectives of Rai Way (external associates, customers/suppliers, partners, etc.).

11.5.2 Structure of the Model 231

The Model 231 comprises a “General Section” and a “Special Section”, organised into Sections corresponding to the groups of offences provided in Legislative Decree 231/2001.

The General Section comprises:

- the core principles formulated by Legislative Decree 231/2001;
- wording of the purposes and scope carried out with adoption of the Model 231;
- confirmation of the functions and structure of the Board of Statutory Auditors;
- the description of some fundamentals for effective “functioning” and observance of the Model 231 by the recipients.

In the Special Section, each of the sixteen sections that put together consists of four paragraphs:

- the first establishes the description of the “significant criminal cases”;
- the second, aimed at identification, in light of the “Risk Mapping” carried out beforehand, the so-called “sensitive areas” (areas of activities in which the risk of commission of each group of offences is higher);
- the third that describes the “Principles of Conduct” (that is the rules of conduct that must be followed by the recipients of the Model), and the “Principles of implementation of the decisional processes”, achievable through protocols/procedures to be observed for the purpose of avoiding the commission of offences;
- the fourth, called “Internal organisation in support of the Supervisory Body”, delineates an IT system based on the personage of the “Internal Head” and preparation of the “Evidence Schedules”.

The Sections of the Special Section are listed below:

- Section "A": offences referred to in Art. 24 of the Decree (Undue perception of disbursements, misappropriation, fraud and information systems fraud damaging the State or other public entity) and Art. 25-*decies* of the Decree (Inducement not to make declarations or make false declarations before judicial authorities);
- Section "B": offences referred to in Art. 25 of the Decree (Extortion and corruption);

- Section "C": offences referred to in Art. 25-*bis* of the Decree (Counterfeiting offences and falseness in recognition tools or signs);
- Section "D": offences referred to in Art. 25-*ter* of the Decree (Corporate offences);
- Section "E": offences referred to in Art. 25-*quater* of the Decree (Terrorism offences);
- Section "F": offences referred to in Art. 25-*quinqüies* and Art. 24 quarter 1 of the Decree (Offences against individuals –“Mutilation of feminine genital organs practices”);
- Section "G": offences referred to in Art. 25-*sexies* of the Decree (Market abuse);
- Section "H": offences referred to in Art. 10 of Law 16 no. 146 of 16 March 2006(Transnational offences);
- Section "I": offences referred to in Art. 25-*septies* of the Decree (Homicide or serious or very serious injuries offences, committed with a breach of the regulations on the protection of health and safety at work);
- Section "L": offences referred to in Art. 25-*octies* of the Decree (Offences of fencing, money laundering and use of money, goods or utilities of criminal provenance);
- Section "M": offences referred to in Art. 24-*bis* of the Decree (Information systems and illicit processing of data crimes);
- Section "N": offences referred to in Art. 24-*ter* of the Decree (Organised crime offences);
- Section "O": offences referred to in Art. 25-*bis*. 1 of the Decree (Crimes against industry and commerce);
- Section "P": offences referred to in Art. 25-*novies* of the Decree (Crimes on matters of breach of copyright);
- Section "Q": offences referred to in Art. 25-*undecies* of the Decree (Environmental offences).
- Section "R": offences referred to in Art. 25-*duodecies* of the Decree (Use of foreigners)

The mapping of the specific environmental risk areas is annexed to Section Q (environmental offences).

The “231/01” procedures and protocols, prepared for prevention of illicit conduct and directed at preventing the commission of the offences contemplated by Legislative Decree 231/2001, constitute an integral and substantial part of the Model 231, an expression of the “effectiveness” principle of the Model 231.

11.5.3 Supervisory Board

On 27 March 2013, the Board of Directors resolved to grant the functions of the supervisory body to the Board of Statutory Auditors, which has, consequently, adopted specific internal rules and regulations regarding the functional and organizational aspects of said board.

Following the resolution by the Board of Directors, as ratified by the shareholders, by which, subsequent to the First Trading Day, the composition of the Supervisory Board was altered as of 11 March 2015, the Supervisory Board appointed by the Board of Directors

took office (and will remain in effect for the remainder of the financial year and until approval of this Report) with the following three members:

- (i) Cinthia Pinotti, judge of the Court of Auditors, acting as chair of the supervisory board (an external member who meets the requirements of independence and professional qualifications);
- (ii) Giorgio Cogliati, head of Legal & Corporate Affairs and secretary to the Company's Board of Directors;
- (iii) Angela Pace, Internal Auditing Manager;

replacing the Board of Statutory Auditors.

It should also be noted that, in 2015, the Supervisory Board held ten meetings, during which they assessed the proposals of the Board concerning updates to Model 231 and to the Articles of Association and examined the information provided by the "In-house Appointees" in accordance with Section 10.5.4 below. In 2016, the Supervisory Board held two meetings, during which they met with a number of these managers to discuss their work within the scope of their respective organizational functions.

11.5.4 In-house Appointees

The roles of the "In-house Appointees" are described in Section 4.1 of the Special Part of the Model. Some of their most significant responsibilities are as follows:

- for each transaction related to activities at risk, they are to prepare and archive the relevant documents and summarize their content for the Supervisory Board in a specific "evidence report";
- for other periodic activities, they are to prepare cumulative "evidence reports";
- the report to the Supervisory Board concerning any anomalies in or violations of Model 231 and any other facts deemed to be relevant;
- they help to update the risk-prevention system within the scope of their responsibilities and inform the Supervisory Board of any changes that are deemed to be necessary.

11.6 Code of Ethics

The Company has also adopted the Code of Ethics mentioned in Section 10.5.1 of this Report, which is an integral part of Model 231. The purpose of the Code of Ethics is to establish the set of values that the Issuer acknowledges, accepts and shares and the responsibilities that the Issuer assumes. The Code of Ethics contains the principles of ethics and conduct that are to underlie the work of those who operate or otherwise interact with Rai Way on an ongoing or temporary basis, taking account of their respective roles, the complexity of their functions, and the responsibilities assigned in order to pursue the goals of the Company. The principles contained in the Code of Ethics supplement the rules that the Company and those who work within or with the organization are required to follow as defined by applicable laws and regulations.

11.7 Anti-corruption plan in accordance with Italian Law 190/2012

In accordance with Italian Law no. 190 of 6 November 2012, the Board of Directors has determined that the Internal Auditing Manager is to be responsible for the functions of corruption prevention. In 2015, the Board approved the Three-year Corruption Prevention Plan (the "Plan" solely for the purposes of this Section) on 30 January 2015, which:

- (i) was drafted based on the spirit of the law and on the guiding principles of Italy's national anti-corruption plan;
- (ii) contains a set of rules of conduct, ethics and other principles that concern activities that present a risk of corruption;
- (iii) seeks to prevent the risk of corruption to which the Company is potentially exposed and does so in concert with Model 231, of which it is an integral part;
- (iv) is aligned with the implementing principles and parameters defined by Rai, the parent company, in its own anti-corruption plan for the purpose of adopting anti-corruption legislation throughout the Rai Group.

The head of the corruption-prevention function is, in particular, responsible for observation of the provisions of Law 190/2012 and of Italy's national anti-corruption plan. In this regard, it should be noted that applicability of the guidelines for implementation of legislation concerning transparency and the prevention of corruption for companies and other private-sector entities controlled and held by government and other public-sector bodies, as issued by the Italian National Anti-corruption Authority (“**A.N.AC.**”) on 17 June 2015, has been suspended, for our purposes herein, for companies with shares listed on regulated markets, given that guidelines applicable to such companies are to be subject to further guidelines to be adopted following the outcome of the working group that **A.N.AC.** and the Italian Ministry for the Economy and Finance have established together with CONSOB.

Following an assessment of the areas of the Company at risk of corruption, initial measures for managing this risk have been determined, and a calendar has been defined for the necessary measures of integration and implementation for 2015.

In addition to compliance with applicable legislation, the goal of adoption and implementation of this Plan is to establish an internal system of prevention and control to supplement the other mechanisms already adopted by the Company (e.g. the Code of Ethics, Model 231), while taking advantage of the opportunity to introduce new measures and strengthen existing ones, all in a coordinated manner in order to more effectively combat corruption and crime.

The Plan is monitored and updated on an annual, rolling basis taking account of the progressive implementation of the various actions planned, while underscoring the actions to be taken, the objectives and priorities set by senior management, the guidance provided by the Department of Civil Service and by A.N.AC. where applicable, any regulatory or organizational changes affecting the company, and any guidance provided by the head of the corruption-prevention function.

The Plan is an integral part of the Company's internal policies and regulations. The following parties are required to adhere to it: (i) representatives of the company; (ii) all personnel at all levels; (iii) any and all other parties maintaining relations with Rai Way, including in relation to the provision of professional services or other goods or services or the execution of other works. As such, the Plan is to be considered an integral part of the Company's ICRMS.

The Plan, which has been subject to a number of clarifications approved by the Board of Directors on 12 March 2015, remained in effect for the entirety of the 2015 financial year.

It should also be noted that, on 29 January 2016, the Board of Directors consequently approved an update to the Plan in relation, in particular, to the changes in Italy's national anti-corruption plan.

11.8 Code of conduct with regard to internal dealing

This code, which was been drafted in compliance with legislation applicable to publicly-listed companies (and, in particular, in accordance with Article 114(7) of the Consolidated Law on Finance and related implementing provisions contained under Article 152 of the Issuers' Regulations) and remained in effect throughout 2015 and as of the date of this Report, governs the disclosure obligations of “relevant parties” in relations with the Company and the obligations of “relevant parties” and of the Company in relations with CONSOB and with the general public as concern relevant operations (i.e. the purchase, sale, subscription or exchange of shares or other financial instruments of associated companies by “relevant parties” or members of their family) in order to ensure full transparency towards the market and towards third parties generally.

The code of conduct with regard to internal dealing may be viewed on the Company's web site (www.rairway.it) under the section Corporate Governance.

11.9 Inside Information Policy

See Section **Errore. L'origine riferimento non è stata trovata.** of this Report.

11.10 Independent auditors

The independent auditing firm responsible for auditing the accounts of the Issuer is PricewaterhouseCoopers S.p.A., headquartered in Milan (Via Monte Rosa no. 91), no. 43 in the special register of independent auditors of the Ministry for the Economy and Finance in accordance with Article 161 of the Consolidated Law on Finance and no. 119644 in the register of statutory auditors.

On 4 September 2014, subject to providing Borsa Italiana with the request for admission of the Company's shares for trading on the MTA stock market, the shareholders approved changing the nature of the auditing mandate in effect to comply with the provisions of Articles 14 and 17 of Italian Legislative Decree no. 39 of 27 January 2010 and extending said mandate to the financial year ending on 31 December 2022. The auditing firm was also assigned responsibility for the limited audits of the interim abbreviated financial reports of the Company for the half-year periods ending on 30 June for the financial years from 2015 to 2022.

12 INTERESTS OF THE DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On 4 September 2014, in accordance with Article 2391-bis of the Italian Civil Code and with Articles 113-ter, 114, 115 and 154-ter of the TUF, as well as with the applicable provisions of the Issuers Regulations and Regulation on related party transactions and taking account of the guidance and clarifications provided by CONSOB in communication no. DEM/10078683 of 24 September 2010, the Company's Board of Directors approved adoption of the Related Party Procedures, which went into effect on the First Trading Day and have been examined and approved by the Control and Risks Committee.

The purpose of the Related Party Procedures is to establish the principles of conduct that Rai Way is required to follow in order to ensure the proper management of transactions with related parties, as defined in the Regulation on Related Party Transactions. To this end, the Related Party Procedures:

- establish the procedures and parameters for identifying and mapping the Company's related parties (as defined therein), while also establishing the criteria and timing for updates to the list of related parties and of the organizational units responsible for maintaining said list;
- determine the principles for identifying transactions with related parties prior to their conclusion;
- govern the procedures that the Company, including through subsidiaries or other intermediaries, is to follow in carrying out related-party transactions and establish the rules of conduct aimed at ensuring the transparency and the correctness, both in substance and in form, of such transactions; and
- establish the procedures for meeting related disclosure obligations.

In accordance with the Related Party Procedures, a specific unit, consisting of the Financial Reporting Manager, the head of Legal Affairs and the Company's internal controls officer, has been established, the primary role of which is to coordinate and assist various organizational units in properly applying updates to the Related Party Procedures themselves.

The Related Party Procedures also define the "Transactions of Greater Importance", the "Transactions of Lesser Importance" and the "Transactions for Smaller Amounts".

"Transactions of Greater Importance" are those transactions with related parties - including transactions of the same type or carried out in execution of a single plan with a specific related party or with parties related to both to this party and to the Company - in which at least one of the relevance indexes defined under Annex 3 of the Regulation on related party transactions is surpassed.

"Transactions of Lesser Importance" are all other transactions that do not qualify as either Transactions of Greater Importance or "Transactions for smaller amounts" (as described below).

The Board of Directors is the sole body responsible for approving "Transactions of Greater Importance". The Control and Risks Committee is involved in the negotiation phase and preliminary inquiry through receiving a complete and detailed information concerning the "Transactions of Greater Importance", and the committee may request further information and provide observations to the bodies or entities responsible for conducting the negotiations or investigation. In order to provide these opinions, the committee may be assisted by one or more independent experts of recognized skill and experience in the issues involved in the transaction, as appointed by the Chief Executive Officer (CEO) upon recommendation by the committee itself and with expenses to be borne by the Company. For each individual "Transaction of Lesser Importance", an upper

spending threshold has been set at 0.5% of the value of the transaction and, in any event, no greater than €20,000.000, unless otherwise authorized by the Board of Directors due to particular needs or circumstances. In any event, the committee is responsible for managing relations with the independent experts, and the opinions of said experts are to be provided to the committee itself.

The Board of Directors authorizes the “Transactions of Greater Importance”:

- based on the favourable opinion of the Control and Risks Committee on the interest of the Company upon completion of the transaction and the fairness and appropriateness of the underlying terms and conditions; or
- upon favourable vote of the majority of unrelated directors - i.e. the directors other than the counterparty involved in a given transaction and the related parties in said transaction – without prejudice to the majority needed in order to pass resolutions of the board as defined by the Company’s Articles of Association.

Even in the event of an unfavourable opinion by the Control and Risks Committee or majority vote against by the unrelated directors, the Board of Directors may approve a “Transaction of Greater Importance” under the following circumstances: (i) an ordinary Shareholders’ meeting has previously authorized the transaction; (ii) unrelated shareholders - i.e. those which hold the right to vote other than the counterparty in a particular transaction and subjects related to both the counterparty in a particular transaction or to the company itself – in attendance at the shareholders’ meeting represent at least ten per cent of share capital with voting rights, whenever the majority of unrelated voting shareholders vote against the operation. To this end, prior to the start of shareholder deliberations, those with voting rights are required to report any connections they may have to the specific transaction to be approved or to declare the lack thereof in writing.

Without prejudice to the rules for the application contained in the Regulation on related party transactions, the rules concerning the approval and execution of "Transactions of Greater Importance" shall apply starting on the date after the approval of the financial statements for the second year after the year of listing, in compliance with Art. 10 of the Regulation on related party transactions for "recently listed companies".

“Transactions of Lesser Importance” are to be approved by the Board of Directors and the other delegated bodies based on the justified, non-binding opinion of the Control and Risks Committee on the interest of the Company in the completion of the transaction and the fairness and appropriateness of the underlying terms and conditions.

Resolutions of the Board of Directors approving a “Transaction of Lesser Importance” must be properly supported based on the benefit to the Company of executing the transaction and the fairness and appropriateness of the underlying terms and conditions. Furthermore, the other delegated bodies must report, at least on a quarterly basis, to the Board of Directors and to the Board of Statutory Auditors on the execution of Transactions of Lesser Importance.

If a related-party transaction falls under the purview of the shareholders or must be authorized by the shareholders, the same procedures described above, mutatis mutandis, must be followed, making the distinction as to whether it is a Transaction of Greater Importance or a Transaction of Lesser Importance. In such cases, the Control and Risks Committee must issue a reasoned opinion at the time of approval, by the Board of Directors, of the resolution proposal to be submitted to the Shareholders’ Meeting.

Without prejudice to the specific obligations of communication and disclosure for each situation of exemption, the provisions of the Related Party Procedures shall not be applied to the related-party transactions described below.

Transactions for Smaller Amounts: these are transactions with related parties in which the expected maximum amount to be paid or the expected maximum value of the service to be provided to the Company does not exceed, for each transaction, €200,000.00 (or equivalent value in a foreign currency), including in the event of related-party transactions executed with a given related party that are of similar type or executed based on a single plan when considered cumulatively.

Certain types of intragroup transactions: transaction with or between subsidiaries, including collectively, as well as to transactions with associated companies, so long as there are no interests of other related parties of the Company in the subsidiaries or associates that qualify as “significant” under the Related Party Procedures.

Regular transactions: regular transactions are transactions with related parties, including those that qualify as “Transactions of Greater Importance”, which: (i) are transactions carried out as part of the regular business or related financial activities of the Company (or of the subsidiary, in the case of transactions with related parties in which subsidiaries of Rai Way are involved) and (ii) are completed in market-equivalent or standard terms. This exemption does not apply to “regular transactions” executed with the entity that controls the Company.

Shareholder resolutions concerning compensation and remuneration plans for the Board of Directors, the Board of Statutory Auditors and, under certain conditions, senior management with strategic responsibilities: in accordance with Articles 2389, paragraphs 1 and 3, and 2402 of the Italian Civil Code and Article 114- bis of the TUF.

Instructions of supervisory authorities: that are issued, either directly or with regard to the parent company, for the purposes of stability and in the interest of stability for the group.

Urgent situations: on the condition that certain specific controls are respected.

The full text of the Related Party Procedures is available for viewing on the Company’s web site (www.rairway.it) under the section Corporate Governance.

As noted under Section 9.1 above with regard to activities related to the provision of opinion on related-party transactions, for each individual transaction concerned, the members of the Control and Risks Committee must not be counterparties in the transaction or otherwise related to such counterparties. Should a member of the Control and Risks Committee be a counterparty in the transaction (or a party related to the counterparty), said member must notify the chairmen of the Board of Directors and of the Control and Risks Committee in a timely manner and abstain from the deliberations of the committee concerning the transaction in which this relation exists.

In such cases, the Chairman of the Board of Directors, having heard the opinion of the chairman of the Control and Risks Committee, shall take immediate steps to replace the member of the committee with the conflict and shall contact and select another independent, unrelated member of the Board of Directors.

These Procedures, which were in effect throughout 2015 and remain in effect as of the date of approval of this Report, have been subjected to annual assessment by the Board for potential revision based on any changes that may have been made to company ownership or in applicable laws and regulations and based on the actual efficacy of the procedures as put into practice. Based on the assessment by the Internal Control Committee and the functions provided by this committee within the scope of the Procedures, the Board determined that no changes to the Procedures were necessary. The Board of Statutory Auditors was in attendance for the deliberations of both the Control and Risks Committee and the Board of Directors.

13 APPOINTMENT OF STATUTORY AUDITORS

In accordance with prevailing laws and regulations applicable to publicly-listed companies, appointment of the Board of Statutory Auditors is done by the shareholders based on slates and following the procedures established under Article 28 of the Articles of Association as described below.

Appointment of standing and substitute auditors is done by way of slates presented by eligible parties, on which candidates are to be listed in numerical order. The slates are to be divided into two lists, one with up to three candidates for the position of standing auditor and up to two candidates for the position of substitute auditor. At least the first two candidates for the position of standing auditor and at least the first candidate for the position of substitute auditor as shown in their respective lists must be registered statutory auditors and must have experience in the provision of related account auditing services of no fewer than three years. Candidates that are not registered statutory auditors and have do not have at least three years of experience in the field must have a total of at least three years of experience in fields specified under Article 28(2) of the Articles of Association (see Section 13 below). Each list for the appointment of standing and substitute auditors must include a number of candidates of the least represented gender that ensures observance, on the list itself, of gender balance at least to the minimum extent required by applicable laws and regulations. Candidates appearing on more than one slate will become ineligible for the position of auditor.

In order to be valid, slates must be submitted to the Company headquarters, also by means of remote communication, in accordance with the procedures published in the call for the shareholders' meeting to appoint the statutory auditors and in a manner that allows for verification of the identity of the party making the submission at least 25 days (or as otherwise required by prevailing legislation) prior to the date of the shareholders' meeting. Slates are then to be made available for viewing at the Company's headquarters and published on the Company's web site or by other means envisaged by applicable laws and regulations at least 21 days (or as otherwise required by prevailing legislation) prior to the date of the shareholders' meeting. Minority shareholders who do not have ties to the shareholders concerned, shall be entitled to extend the deadline for submitting slates as allowed by applicable laws and regulations.

Each party eligible to vote (as well as: (i) eligible parties belonging to the same group, i.e. a group consisting of the individual or company exercising control as defined by Article 2359 of the Italian civil code and each subsidiary or joint venture over which said party exercises control; or (ii) participants in a shareholder agreement as defined by Article 122 of the Consolidated Law on Finance or (iii) eligible parties who are connected by way of other relevant means as defined by applicable laws and regulations) may submit or be involved in the submission of only one slate in the same way that each candidate may appear on only one slate. Failure to comply will result in ineligibility.

In order to submit slates, parties must be eligible to vote and must hold, individually or together with others, shares with voting rights representing at least the percentage of share capital specified by prevailing laws and regulations. Ownership of the minimum number of shares required for the submission of slates is, where applicable, determined based on the shares registered for the individual shareholder or group of shareholders submitting jointly as of the date on which the slates are submitted to the Company. Ownership of the number of shares required for the submission of slates must be certified in accordance with applicable laws and regulations. Said certification may be provided to the Company after the submission of the slate so long as it is provided by the date set for publication of the slates by the Company.

Together with the slates, eligible parties presenting the slates must also provide any additional declarations and other documentation required by applicable laws and regulations. Slates for which the obligations described above are not met will be considered null and void.

Each shareholder with voting rights may only vote for one list.

The members of the Board of Statutory Auditors shall be elected as follows:

- a) two (2) standing auditors and one (1) substitute auditor are selected, in the order in which they are listed, from the slate that obtained the greatest number of valid votes;
- b) the remaining standing auditor and the remaining substitute auditor (i.e. the “Minority Standing Auditor” and the “Minority Substitute Auditor”, respectively) are then selected, in the order in which they are listed, from the slate that obtained the highest number of votes after the slate specified under point (a) above and that is not connected in any way, directly or indirectly, with the parties eligible to vote who submitted or voted for the slate from point (a).

The Minority Standing Auditor then acts as the chairman of the Board of Statutory Auditors.

In the event that only one slate is submitted, no slate is submitted, or there is an insufficient number of candidates on the slates submitted compared to the number to be elected, the shareholders shall appoint the members of the board or select the additional members by majority vote. In the event of a tie in the number of votes received, a second ballot for the candidates concerned is to be held by the shareholders in order to break the tie. Shareholders must, in any event, ensure gender balance as required by applicable laws and regulations.

In the event of the death, withdrawal, or other termination of a standing auditor, said auditor is to be replaced by the substitute auditor elected from the same slate as the outgoing auditor and in the order listed on the slate while maintaining the minimum number of members registered as statutory auditors that have at least three years of experience in the field and continuing to observe the principle of gender balance. Should this not be possible, the outgoing auditor is to be replaced by the substitute auditor with the necessary characteristics on the minority slates receiving the most votes in the order of number of votes and order of the candidates on the slates. In the event the auditors were not appointed by way of slates, the substitute auditor is to be selected in accordance with applicable laws and regulations. Whenever it is the chairman of the Board of Statutory Auditors who needs to be replaced, the incoming substitute auditor will then assume the role of chairman. The shareholders, at their meeting held in accordance with Article 2401(1) of the Italian civil code, are required to appoint or replace statutory auditors in accordance with the principles of minority representation and gender balance. In the event of failure of a substitute auditor to be confirmed by the shareholders for the role of standing auditor, said auditor will return to the role of substitute auditor.

14 COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (ART. 123-BIS[2][D] TUF)

In accordance with Art. 28 of the Articles of Association and in compliance with applicable laws and regulations, at least two standing auditors and one substitute auditor must have been registered for at least three years as statutory auditors and have at least three years of experience in the field. Auditors that are not registered statutory auditors must have a total of at least three years of experience in:

- (i) administration or auditing or other directional responsibilities for corporations with share capital of no less than two million euros;
- (ii) professional activity or university tenure in the fields of law, economics, finance, or other subjects which are closely related to the Company's business; or
- (iii) senior management functions within government or public organizations in the fields of finance, banking, or insurance, or in other fields closely related to the Company's business.

The Company's Board of Statutory Auditors in office as of the date of this Report was appointed by the shareholders at their meeting held on 28 April 2015, and will remain in office until approval of the financial statements for the year ending 31 December 2017.

The table below provides information on each member of the Board of Statutory Auditors in office as of the date of this Report.

FIRST & LAST NAME	POSITION	PLACE AND DATE OF BIRTH
Maria Giovanna Basile	Chairman	Avellino, 6 October 1962
Giovanni Galoppi	Standing auditor	Rome, 4 February 1956
Massimo Porfiri	Standing auditor	Rome, 18 July 1956
Roberto Munno	Substitute auditor	Rome, 14 May 1966
Nicoletta Mazzitelli	Substitute auditor	Rome, 4 August 1962

These auditors were selected from the slate submitted by the majority shareholder RAI – Radiotelevisione italiana S.p.A., as this was the only slate submitted for the aforementioned shareholders' meeting held on 28 April 2015 for this purpose. Prior to this appointment, i.e. until 28 April 2015, the members of the Board of Statutory Auditors were: Maria Giovanna Basile, chairman; Giovanni Galoppi and Agostino Malsegna, standing auditors; and Roberto Munno and Fernando Sbarbati as substitute auditors.

No changes to the composition of the Board of Statutory Auditors have been made subsequent to 31 December 2015. For the sake of full disclosure, it should be noted that the composition of the Board of Statutory Auditors complies with applicable laws and regulations concerning gender balance.

Further details concerning the Board of Statutory Auditors are provided in Table 3 below.

During 2015, the Board of Statutory Auditors met eleven times (eight of which with the composition established on 28 April 2015) with the attendance of all members in office and with a duration of one hour and eighteen minutes.

In 2016, the Board of Statutory Auditors is expected to meet whenever it is deemed necessary in order to properly and effectively fulfil its duties. As of the date of this Report, one meeting had already been held.

Provided below is a summary of the qualifications and experience of the members of the Board of Statutory Auditors in office as of the date of this Report based on information provided by the individuals concerned.

Maria Giovanna Basile. Born in Avellino in 1962, she graduated from the Sapienza University of Rome with a degree in Business and Economics. She has been registered with the Italian National Council of Accounts and Business Advisors since 1992 and in the Register of Statutory Auditors since 1995. She currently works in Rome and is the co-owner of the accounting firm "Studio di Consulenza societaria e tributaria". She holds the position of auditor at a number of companies, operating in various sectors, including Rai – Radiotelevisione Italiana SpA and Rai Cinema SpA (a wholly-owned subsidiary of Rai S.p.A.) where she also acts as Supervisory Board.

Giovanni Galoppi. Born in Rome in 1956, he holds a degree in Law. A Supreme Court lawyer and statutory auditor, he owns a law firm in Rome, and is engaged in the field of civil law, both in and out-of-court, and specialises in the field of corporate and international law. His law firm is a member of the ILF (International Law Firms). He currently holds and has held in the past, the position of Chairman of the Board of Statutory Auditors or of the independent auditors (including that of ELV SpA - European Launch Vehicle, GSE Group, Asitel SpA, of EIPLI, Crea Gestioni Srl - Acea Group -, the Consortium Calef, the Industrial Consortium Rome-Latina, the Procomp Consortium, the Theatre Association of Rome, IMAIE - - Institute for the mutual protection of the rights of performing artists, ONT Italia Scarl, O.I. Tabacco Italia, Poste Tutela SpA and Lazio Ambiente SpA), as well as the position of Director in various corporations and entities including: Acotel Group SpA, a company listed on the segment "STAR", for which he is also a member of the internal control and remuneration committees, Rai Way SpA, Rai World SpA, Noverca Srl, Acotel SpA, LMC Holding SpA. He was also a member of the Board of Directors of Cinecittà Holding SpA from 2002 to 2006, Italia Cinema S.r.l., where he was Chairman from 2002 to 2003 and Audiovisual Industry Promotion Spa, then Filmitalia SpA, where he was Chairman from 2003 to 2006. He is currently a member of the Supervisory Board of Acotel Group SpA, Altec SpA, and the Theater Association of Rome. He was also appointed by the Ministry for Productive Activities as Liquidator for various co-operative companies from 2004 to 2013. In the month of September 2013, he was appointed General Counsel of the Ministry for Public Administration and Simplification subsequently he was appointed General Counsel of the Ministry of the Environment and Protection of Land and Sea of Italy. He joined Rai Way in 2007, as member of the Board of Directors. He has been a member of the Board of Statutory Auditors since 2012.

Massimo Porfiri. Born in Rome in 1956, he graduated from the Sapienza University of Rome with a degree in Business and Economy. He is registered in the Register of Chartered Accountants of Rome and the Register of Statutory Auditors. He was employed as an accountant at studio Palandri in Rome until 1986, and then became a partner at Studio Muci & Associati in 1987. Mr. Porfiri specialises in tax and corporate issues and is an advisor to the Italian Episcopal Conference. He is an internal auditor for a number of companies of national concern, also listed, in the field of IT, communication, health, publishing and design and construction of major oil and gas plants. He has been an independent director of the board of directors and member of the Risk Management and Control Committee of Engineering Ingegneria Informatica S.p.A., a company listed in the STAR segment of Borsa Italiana S.p.A. He is a member of the Board of Directors of several religious entities and companies with particular reference to the communications sector. Specifically, he is the Managing Director of the company Rete Blu SpA, broadcaster of the television channel (digital terrestrial and satellite broadcasting) of TV 2000. He is also the auditor of Sacred Heart Catholic University and Policlinico Gemelli (teaching hospital).

Roberto Munno. Born in Rome in 1966. He was awarded a degree with highest honours in Business and Economics from the Sapienza University of Rome where he went on to

earn his Master's degree in International Tax Law. In academia, he was a visiting professor in "Audit Techniques" at the Università Telematica "G. Marconi". He has been registered in the Register of Chartered Accountants in Rome since 2000 and in the Register of Statutory Auditors since 1999. From 2000 to 2012 he was the Local Tax Partner of Ernst & Young, and since 2012 he has been a Tax Partner at Crowe Horwath - Crowe Horwath - Studio Associato Servizi Professionali Integrati, Manager of the corporate insurance, banking and financing department. Roberto Munno is the President of the Direct Taxes Commission – Capital, Labour and Other Income – of the Association of Chartered Accountants of Rome.

Nicoletta Mazzitelli. Born in Rome in 1962. She graduated *summa cum laude* in Business and Economics at "LUISS" University of Rome. She is qualified as a Chartered Accountant and Registered Auditor in Rome. She is a Partner of Studio Legale e Tributario, EY's Italian branch - where she leads the VAT, Customs and other Indirect Tax service line. She has worked at the Rome office of EY (formally Ernst & Young) since 2012. Past experience includes 12 years working in the tax department of Arthur Andersen, 2 of which at the office in London, and 11 years as partner at CBA Studio Legale e Tributario. She is President of the VAT Commission of the Association of Chartered Accountants and Accounting Professionals of Rome. She is a speaker at conventions, both in Italy and around the globe, on VAT issues; Lecturer at Master Ipsosa at the 2010, 2011 and 2013 editions. She has over twenty years of experience in indirect tax matters, provides assistance on an ongoing basis to major Italian and multinational companies operating in different sectors, on problems concerning Value Added Tax, customs and excise duties. She has participated in numerous corporate reorganization projects in complex organizations, gaining considerable experience in matters concerning indirect taxation regarding supply chain restructuring projects and optimizing cash flows. She provides assistance to customers in implementing management systems, with regard to coding transactions for VAT purposes, setting up the necessary registers and compliance obligations in general.

All Auditors must meet the eligibility, professional competence and integrity requirements provided for by law and any other applicable regulations. Furthermore, pursuant to the recommendations set out in Criteria 8.C.1 of the Corporate Governance Code, Article 28 of the Articles of Association requires that all Auditors must meet the independence requirements laid down in the Corporate Governance Code.

Pursuant to Article 144-*novies* of the Issuer Regulations and the abovementioned Criteria, the Board of Directors and the Board of Statutory Auditors are responsible for evaluating whether the members of the Board of Statutory Auditors meet the requirements specified above:

- (i) after the appointment, the outcome of which shall be disclosed to the market through a press release;
- (ii) on an annual basis, reporting the results thereof in the annual corporate governance report.

On the First Trading Day, the Board of Directors determined that all members of the Board of Statutory Auditors in office at the time met the professional competence and integrity requirements pursuant to Article 148 TUF and Regulation adopted with Decree no. 162/2000 issued by the Ministry of Justice and have complied with the limits on the number of offices held pursuant to Article 144-*terdecies* of the Issuers' Regulation.

Following the appointment of the Auditors in office at the date of this Report (appointed, as already mentioned, at the Shareholders' Meeting held on 28 April 2015), the Board of

Directors verified compliance with the aforementioned requirements and limits, and the Auditors themselves assessed the independence requirements established by law and the Corporate Governance Code.

The Auditors took part in several of the initiatives reported in Section 4.2.2. above, also considered as an induction held during the meetings of the Board of Directors and Board committees. It should be noted, notwithstanding the foregoing, that, in view of the fact that the majority of the members of the Board of Auditors have been in office for several years and the specific background of all these members, the Board of Auditors believes they have adequate knowledge of the business sector in which the company operates, while the corporate dynamics and the relevant evolutions, updated during the numerous board meetings, where the Board of Auditors is constantly represented, as well as the relevant regulatory framework are well known by them.

In addition to the provisions contained in the Related Parties Procedure (see Part **Errore. L'origine riferimento non è stata trovata.** for details), it was not deemed necessary to formalise specific procedures concerning cases where a member of the Board of Statutory Auditors has an interest, either directly or on behalf of a third party, in a certain transaction.

The Board of Statutory Auditors, in performing their activities, may coordinate its activities with the Internal Auditing function and with the Control and Risks Committee, in particular, as reported above, by taking part in the meetings of the aforesaid Committee.

15 RELATIONS WITH SHAREHOLDERS

Rai Way has created two special sections on its website (www.raiway.it): "Corporate Governance" and "Investor Relations". These easy to find and navigate sections contain information concerning the Issuer that is important for its shareholders (so that shareholders are able to exercise their rights in an informed manner) with particular focus on the documentation and information relating to the Shareholders' Meetings. In particular, these sections include up-to-date key financial documents, the presentations used for meetings with representatives of the financial community and communications disclosed to the market.

Pursuant to Criteria 9.C.1 of the Corporate Governance Code, relationships with the shareholders are handled by the Investor Relations function which was established by the Board of Directors and was initially the responsibility of the Chief Financial Officer. The Board of Directors then appointed Mr. Giancarlo Benucci as Investor Relator of the Company, who took office in January 2015.

The Investors Relations function, reporting to the Chief Financial Officer, is responsible for coordinating and managing the Company's communications to the financial market and addresses the institutional investors, analysts and individual investors.

16 SHAREHOLDERS' MEETINGS (ART. 123-BIS [2][C] TUF)

For FY 2015, only one Shareholders' Meeting was held on 28 April 2015, attended by about 85% of the share capital.

Six members of the Board of Directors and three standing auditors in office at that date attended this Shareholders' Meeting. During this Shareholders' Meeting, the Chairman of the Board of Directors and the CEO, reported on the activities carried out and planned, providing the shareholders with adequate information for them to take informed decisions, making available to them, also before the meeting, in accordance with the procedures and deadlines laid down by law and the Articles of Association, all documentation prepared on each item on the agenda.

The provisions relating to the Shareholders' Meeting, in particular concerning the call notice, the right to attend, in person or by proxy, its chairmanship and constitution and validity of the resolutions, are contained in Title IV of the Articles of Association under Articles 12 to 16 (included).

For a description on the matters that fall within the exclusive competence of the Board of Directors, see Section 5.3 of this Report.

The Articles of Association does not provide for particular quorums and therefore as regards the valid constitution of the Shareholders' Meeting and the resolutions passed the provisions of law shall apply. Furthermore, the possibility to issue shares with increased voting rights pursuant to Article 127-*quinquies* TUF is not provided for.

Pursuant to Art. 13 of the Articles of Association, if stated in the notice of call, the holders of voting rights may participate in the Shareholders' Meeting using telecommunication facilities and exercise their voting rights using electronic means, according to the procedure indicated in the notice. It was not deemed necessary to provide for these methods of participation with regard to the Shareholders' Meeting held in 2015.

On 4 September 2014, the Shareholders' Meeting adopted the Shareholders' Meeting Regulation designed to ensure that the meetings are conducted in an orderly and functional manner. The Shareholders' Meeting Regulations, to which reference should be made, is publically available on the Company's website www.railway.it.

For the purposes of Criteria 9.C.3 of the Corporate Governance Code, the Shareholders' Meeting Regulations require that the Chairman presides over the discussions. Those who are entitled to take part, the directors and auditors have the right to speak out on each item being discussed and to make proposals relating to those items. Those entitled to participate and intend to take the floor must submit a written request to the Chairman, after the items on the agenda have been read out loud and before the Chairman declares the discussion on the item in question closed. The Chairman may authorise requests to take the floor by raising of hands. If requests are made in writing, the Chairman shall give the floor based on the order in which the requests to take the floor were received. If requests to take the floor are made by the raising of hands, the Chairman shall grant the floor to the person who raised his/her hand first; if it is not possible to determine who raised his/her hand first, the Chairman shall grant the floor in accordance with the order he establishes, at his sole discretion.

During the year ended on 31 December 2015, there were no significant changes in market capitalization of the Issuer's shares or in the composition of its shareholders.

17 OTHER CORPORATE GOVERNANCE PRACTICES (ART. 123-BIS, [2][A] TUF)

The Company has not adopted additional corporate governance practices, over and above any legal or regulatory obligations, other than those already indicated in the previous sections of this Report. Specifically, see Section 10.5 of the Report for information on the Model adopted by the Company pursuant to Legislative Decree 231/2001.

18 CHANGES AFTER THE REPORTING PERIOD

From 31 December 2015 to the date of this Report, there have been no significant changes in the Company's corporate governance structure.

See Section 4.2 of this report for details on the changes relating to the composition of the Board of Directors.

With regard to the approval and updating of the Three-year Corruption Prevention plan, already drafted in consideration of the provisions laid down in Law no. 190 of 6 November 2012, see Section 10.7 of this Report.

Rome, 21 March 2016

For the Board of Directors

Chairman

Camillo Rossotto

TABLE 1: INFORMATION on OWNERSHIP STRUCTURE

CAPITAL STRUCTURE				
	No. of shares	% of share capital	Listed (state market) / unlisted	Rights and obligations
Ordinary shares	272.000.000	100%	MTA	Ordinary pursuant to law
Shares carrying multiple voting rights	0	0	-	-
Shares with limited voting rights	0	0	-	-
Shares without voting rights	0	0	-	-
Other	-	-	-	-

OTHER FINANCIAL INSTRUMENTS (attributing the right to subscribe newly-issued shares)				
	Listed (state market) / unlisted	Number of outstanding instruments	Category of shares serving the conversion/exercise	Number of shares serving the conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT EQUITY INVESTMENTS IN SHARE CAPITAL⁽¹²⁾			
Declarant	Direct shareholder	% of ordinary capital	% of voting capital
RAI - RADIOTELEVISIONE ITALIANA SPA (Company controlled by the Italian Ministry of Economy and Finance)	RAI - RADIOTELEVISIONE ITALIANA SPA	65,073	65,073
BLACKROCK INC.	BLACKROCK INSTITUTIONAL TRUST COMPANY, NATIONAL ASSOCIATION (0.238); BLACKROCK ADVISORS (UK) LIMITED (0.029); BLACKROCK INVESTMENT MANAGEMENT (AUSTRALIA) LIMITED (0.049); BLACKROCK INVESTMENT MANAGEMENT LLC (1,545); BLACKROCK FUND ADVISORS (0.020); BLACKROCK ADVISORS LLC (3.303)	5.184	5.184

⁽¹²⁾ Source: CONSOB website (www.consob.it), updated on 21 March 2016.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES IN 2015

Board of Directors													Control and Risks Committee			Remuneration and Appointments Committee	
Position	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non exec.	Indep. Code	Indep. as per TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)	
Chairman	Camillo Rossotto •	1962	January 2014	18/09/2014	28/04/2016^	N/A		■			0	15/15					
Chief Executive Officer	Stefano Ciccotti ◊	1960	March 2000	18/09/2014	AGM to approve the 2016 financial statements	N/A		■			0	15/15					
Director	Joyce Victoria Bigio	1954	September 2014	18/09/2014	AGM to approve the 2016 financial statements	N/A		■	■	■	2	15/15	11/12	P	7/7	M	
Director	Fabio Colasanti	1946	September 2014	18/09/2014	AGM to approve the 2016 financial statements	N/A		■	■	■	0	15/15	12/12	M	7/7	M	
Director	Alberto De Nigro	1958	October 2014	29/10/2014	AGM to approve the 2016 financial statements	N/A		■	■	■	4	15/15	12/12	M			
Director	Anna Gatti	1972	October 2014	06/10/2014	AGM to approve the 2016 financial statements	N/A		■	■	■	2	12/15			7/7	P	
-----DIRECTORS WHO LEFT OFFICE IN 2015-----																	
Board of Directors													Control and Risks Committee			Remuneration and Appointments Committee	
Office	Members	Date of birth	Date of first appointment t*	In office since	In office until	List **	Exec.	No n exec.	Indep . Code	Indep. as per TUF	No. of other offices ***	(*)	(*)				
Director	Salvatore Lo Giudice	1966	September 2014	18/09 /2014	13/11 /2015	N/A						10/13					
Number of meetings held during the Reporting Period: 15							Control and Risks Committee: 12			Remuneration and Appointments Committee: 7			Executive Committee: N/A				
Specify the quorum required for the presentation of minority lists for the election of one or more members (pursuant to Art. 147-ter TUF): 1% (CONSOB resolution no. 19499 of 28 January 2016)																	

NOTES

The following symbols must be included in the column "Office":

• This symbol indicates the director responsible for the internal control and risk management system.

◊ This symbol indicates the individual with primary responsibility for operations of the Issuer (Chief Executive Officer or CEO).

○ This symbol indicates the Lead Independent Director (LID), if any.

* Date of first appointment for each director means the date on which the director was appointed to the Issuer's Board of Directors for the very first time.

^ As this is the date of the Shareholders' Meeting at the end of which is the effective time of resignation from the position of Director presented on 21 March 2016 (i.e. the Shareholders' Meeting after the date of presentation of the resignations).

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

*** This column indicates the number of offices held by the director or statutory auditor in companies listed in regulated markets (including foreign), in financial, banking or insurance companies or in large companies. In the Report on corporate governance, the offices are listed in detail.

(*) This column indicates the attendance of directors at Board of Directors meetings and committee meetings.

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

"**Reporting Period**" means the period between 1 January and 31 December 2015.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS IN 2015

Position	Members	Year of birth	Date of first appointment*	In office since	In office until	List **	Indep. Code	Attendance at Board of Statutory Auditors' meetings ***	No. of other offices ****
Chairman	Maria Giovanna Basile	1962	September 2012	12/09/2012	AGM to approve the 2017 financial statements	M	■	11/11	9
Standing Auditor	Giovanni Galoppi	1956	September 2012	12/09/2012	AGM to approve the 2017 financial statements	M	■	11/11	11
Standing Auditor	Massimo Porfiri	1956	April 2014	28/04/2014	AGM to approve the 2017 financial statements	M	■	8/8	24
Substitute Auditor	Roberto Munno	1966	September 2012	N/A	AGM to approve the 2017 financial statements	M	N/A	N/A	N/A
Substitute Auditor	Nicoletta Mazzitelli	1962	April 2014	N/A	AGM to approve the 2017 financial statements	M	N/A	N/A	N/A
-----AUDITORS WHO LEFT OFFICE DURING THE FINANCIAL YEAR -----									
<i>Position</i>	Members	Year of birth	Date of first appointment*	In office since	In office until	List**	Indep. Code	Attendance at Board of Statutory Auditors' meetings ***	No. of other offices ****
<i>Standing Auditor</i>	Agostino Malsegna	1981	September 2012	12/09/2012	28/04/2015	N/A	■	3/3	N/A
<i>Substitute Auditor</i>	Fernando Sbarbati	1959	September 2012	12/09/2012	28/04/2015	N/A	N/A	N/A	N/A
Number of meetings held during the Reference Period: 11									
Specify the <i>quorum</i> required for the presentation of minority lists for the election of one or more members (pursuant to Art. 148 TUF): 1% (CONSOB resolution no. 19499 of 26 January 2016)									

NOTES

* Date of first appointment for each auditor means the date on which the auditor was appointed to the Issuer's Board of Statutory Auditors for the very first time.

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

*** This column indicates the auditor's attendance at meetings of the Board of Statutory Officers held while the auditor was in office.

**** This column indicates the number of offices held by the individual as director or statutory auditor (including those held at the Company) pursuant to art 148-bis TUF and the implementing provisions contained in the CONSOB Issuers' Regulations. The entire list of offices is published by CONSOB pursuant to Art. 144-quinquiesdecies of the CONSOB Issuers' Regulations, on its website.

"Reference Period" means the period between 1 January and 31 December 2015.