



REPORT ON CORPORATE GOVERNANCE  
AND OWNERSHIP STRUCTURE





REPORT ON CORPORATE GOVERNANCE  
AND OWNERSHIP STRUCTURE  
pursuant to Article 123-bis of Legislative Decree no. 58  
of 24 February 1998

Report approved by the Board of Directors on 18 March 2021

Rai Way S.p.A.

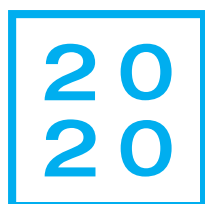
Registered office in Via Teulada no. 66, Rome (Italy)

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

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

[www.raiway.it](http://www.raiway.it)

Company subject to management and coordination  
by RAI - Radiotelevisione Italiana S.p.A.



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## 1. SPECIFIC DEFINITIONS

<b>Appointed Director</b>	The director appointed to establish and maintain an effective internal control and risk management system (ICRMS), as referred to in Section 10.3.2 of this Report.
<b>Shareholders' Meeting</b>	The Shareholders' Meeting of Rai Way.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari no. 6.
<b>Corporate Governance Code</b>	The Corporate Governance Code for Listed Companies approved in July 2018 by the Corporate Governance Committee.
<b>Code of Ethics</b>	The corporate code of ethics is an integral part of the Model 231, described in more detail in Section 10.5 of this Report.
<b>Privileged Information Policy</b>	The policy on handling privileged information approved by the Board of Directors, as described in more detail in Section 10.9 of this Report.
<b>Board of Statutory Auditors</b>	The Board of Statutory Auditors of Rai Way.
<b>Board of Directors/Board</b>	The Board of Directors of Rai Way.
<b>First Trading Day</b>	The first day Rai Way's shares were traded on the Italian Stock Exchange (MTA), i.e. 19 November 2014.
<b>Manager in charge</b>	The manager in charge of the drafting of the company's financial reports, pursuant to Art. 154- <i>bis</i> TUF [Consolidated Law on Financial Intermediation], referred to in Section 10.3.6 of this Report.
<b>Rai Group or the Group</b>	The group of companies led by Rai (as better defined below), which includes its controlled companies pursuant to Art. 2359 of the Italian Civil Code.
<b>Model 231 or Model</b>	The organizational model pursuant to Legislative Decree. no. 231 of 08 June 2001, as amended.
<b>Monte Titoli</b>	Monte Titoli S.p.A., with registered office at Piazza Affari, no. 6, Milan (Italy).
<b>MTA</b>	Mercato Telematico Azionario (the Italian Electronic Stock Market) managed by Borsa Italiana (Italian Stock Exchange).

<b>New Service Agreement</b>	The service agreement signed on 31 July 2014 (effective from 1 July 2014 as subsequently amended) between Rai Way, as supplier, and Rai, as principal, for the provision of “turnkey” services.
<b>New Passive Service Agreement</b>	The service agreement signed on 31 July 2014 (effective from 1 July 2014 as subsequently amended) between Rai, as supplier, and Rai Way, as principal.
<b>Global Sales Offering or Global Offering</b>	The public global sales offering made by RAI for the admission to the listing of its shares on MTA, concluded on 19 November 2014.
<b>Supervisory Board</b>	The supervisory board pursuant to Legislative Decree. no. 231 of 08 June 2001, as amended.
<b>Related Party Procedure</b>	The procedure concerning related party transactions, adopted by the Company in accordance with the provisions of Art. 2391- <i>bis</i> of the Italian Civil Code and the Regulation on Related Party Transactions (as defined below).
<b>Rai or Parent Company</b>	RAI - Radiotelevisione Italiana S.p.A., with registered office at Viale Giuseppe Mazzini no. 14, Rome (Italy).
<b>Rai Way or Issuer or Company</b>	Rai Way S.p.A., with registered office at Via Teulada no. 66 Rome (Italy).
<b>Shareholders’ Meeting Regulations</b>	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.
<b>Board Regulations</b>	The rules and regulations of the Board of Directors, approved by the same, 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.
<b>Management and Coordination Regulations</b>	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 Company on 4 September 2014 and effective as of the First Trading Day.
<b>Issuers’ Regulation</b>	The CONSOB regulation adopted with resolution 11971 of 14 May 1999, as amended.

<b>Market Regulations</b>	The regulations approved by CONSOB with resolution 20249 of 28 December 2017, as amended.
<b>Regulations on Related Party</b>	Regulations containing provisions relating to transactions with related parties, adopted by CONSOB with resolution no. 17221 on 12 March 2010, as amended.
<b>Report</b>	This report on corporate governance and the ownership structure
<b>Manager of the Audit Department</b>	The subject responsible for the Audit department, pursuant to Section 10.3.4 of this Report.
<b>ICRMS</b>	Acronym of “Internal Control and Risk Management System”, as described in Section 10 of this Report.
<b>Independent Auditors</b>	PricewaterhouseCoopers S.p.A., engaged to perform the statutory auditing of the Issuer’s accounts.
<b>Articles of Association</b>	The Articles of Association of Rai Way.
<b>TUF</b>	Legislative Decree no. 58 of 24 February 1998, as amended.



## **1. ISSUER PROFILE**

### ***1.1. Corporate governance profile***

The term “corporate governance” means the set of rules and, more generally, 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 (in its current version) 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 this Code, starting on the First Trading Day. With reference to the 2020 financial year, the Company continued to adopt the Corporate Governance Code recommendations, with the clarifications indicated in this Report.

Rai Way has adopted a system of corporate governance in line with the provisions of law and regulations applicable to it and consistent with the principles recognized by international best practices. The central role of the Board of Directors and the objectives of correct management of any situations of conflict of interest, efficiency of the internal control system and transparency towards the market are highlighted.

Unless otherwise indicated, the information in this Report relates to the financial year ended 31 December 2020 and therefore, among other things, to the practices carried out in application of the Corporate Governance Code. It should be noted that, as reported in section 15 of this Report, subsequent to the end of the 2020 financial year, the Company adopted the new edition of the Corporate Governance Code (approved by the Corporate Governance Committee in January 2020 and to be applied starting from the 2021 financial year) under which the Code has been renamed the Corporate Governance Code for Listed Companies (hereinafter the “Corporate Governance Code”).

### ***1.2. 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 maximizing management efficiency to create greater value for all shareholders.

The corporate bodies are the Shareholders Assembly, 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 Shareholders' 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, which include 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 Section 15 of this Report for more 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 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 shall be elected by means of the so-called list voting system, i.e. on the basis of lists submitted by Shareholders who, alone or together with others, own at least 2.5% of Rai Way's share capital with voting rights, or any lower amount established by inviolable legal or regulatory provisions in force from time to time.

See Section 4 of this Report for more 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 Parts 12 and 13 of this Report for additional information.

### **1.3. Qualification as "SME" for the purpose of TUF provisions**

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 an “SME” pursuant to Art. 1, paragraph 1, letter w-*quater*.1) of the TUF, as reflected in the list published by CONSOB and updated in January 2021.

#### **1.4. Powers of the Italian government (so-called golden powers)**

The assumption of certain corporate resolutions by the Issuer or the acquisition of certain shareholdings relevant to the control of the Issuer by parties outside the European Union could be subject to the special powers of the State (so-called *golden powers*) provided by Legislative Decree no. 21 of 15 March 2012 (converted with amendments into Law no. 56 of 11 May 2012), as subsequently amended by Legislative Decree no. 148 of 16 October 2017 (converted with amendments by Law 172 of 4 December 2017) and Legislative Decree no. 105 of 21 September 2019 (converted with amendments by Law no. 133 of 18 November 2019), which regulates the special powers of the State inherent, *inter alia*, to strategic assets in the communications sector, and by Legislative Decree no. 23 of 8 April 2020 (so-called Liquidity Decree,) converted with amendments by Law 40 of 5 June 2020) on the subject of foreign direct investment control instruments (the provisions of 4 of EU Regulation 2019/452 are also recalled).

The “strategic assets” in the communications sector were identified by Art. 3 of Presidential Decree no. 85 of 25 March 2014, then replaced by Art. 3 of Prime Ministerial Decree 180 of 23 December 2020, as follows: (i) dedicated networks and public access network to end users in connection with metropolitan networks, service routers and long distance networks; (ii) the facilities used for the provision of access to end users of services covered by the universal service obligations and broadband and ultra-wideband services, and the related contractual relationships; (iii) dedicated elements, even if not for exclusive use, for connectivity (voice, data and video), security, control and management relating to fixed location telecommunications access networks.

In particular, Art. 2 of Legislative Decree 21/2012 establishes that, in reference to companies holding one or more of these strategic assets, the Government may:

- (a) veto any resolution, action or transaction which - involving a change in the ownership, control or availability of the assets or change their usage - give rise to an exceptional circumstance, not governed by national and European law, that present a material threat to the public interest of safety and operation of the networks and plants, as well as the continuity of supply (paragraph 3);
- (b) make the validity of the purchase for any reason, by non-EU parties, of any shareholding that would determine the stable control by the purchaser, of the company - the investment in which is the purpose of the purchase, pursuant to Art. 2359 of the Italian Civil Code and Art. 93 of TUF, if the aforesaid purchase represents a material threat to the public interest of safety and operation of the networks and installations, as well as to the continuity of supply, or a danger for the public safety - conditional to the purchaser’s undertaking of 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 eliminated by the purchaser by undertaking specific commitments to ensure the protection of the aforesaid interests

(paragraph 6).

Article 4 of Prime Ministerial Decree 180/2020, in any case:

- establishes that the special powers shall apply insofar as 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 scope 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 assembly of shareholders or administrative bodies’ resolutions 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, paragraph 3 of the Italian Civil Code, or introduced pursuant to Article 3, paragraph 1 of Law Decree 332 of 30 July 1994, converted with amendments by Law 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 constraints on 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 supply.

The procedures for exercising special powers in the communication sector are established by Presidential Decree 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 Presidency of the Council of Ministers of the Italian Republic of the resolution with a complete report on the resolution within ten days and, in any case, before implementation of the resolution. The Presidency of the Council of Ministers of the Italian Republic communicates his/her intention to exercise veto power within forty-five 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, actions or transactions adopted or implemented in breach of a veto are null and void. The Presidency of the Council of Ministers of the Italian Republic 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 transaction, 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 Presidency of the Council of Ministers of the Italian Republic, together

with any other information useful for providing a general description of the proposed acquisition, the purchaser and area of operations. The Presidency of the Council of Ministers of the Italian Republic provides notice of any imposition of conditions or the exercise of the power of opposition, within forty-five 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 Presidency of the Council of Ministers of the Italian Republic exercises the power to impose conditions and if the conditions imposed upon the purchaser are infringed (and for as long as any such infringement 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 offence, a purchaser who fails to honour the conditions imposed will be subject to a fine equal to twice the value of the transaction but not lower than 1% of the turnover generated in the most recent financial year for which financial statements have been approved.

If the Presidency of the Council of Ministers of the Italian Republic 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 non-compliance, the court, at the request of the Government, shall order the sale of said shares in accordance with the procedures provided for 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.

#### **1.5. *Transfer of equity interests in the share capital of the Issuer by shareholder Rai***

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

Decree Law 66 of 24 April 2014 converted with amendments into Law no. 89 of 23 June 2014 provides, under Art. 21, paragraph 3, that *"for the purposes of streamlining, rationalisation 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 Presidency of the Council of Ministers of the Italian Republic of its intention to launch the Global Offering. With Prime Ministerial Decree 2 September 2014, which establishes the criteria and methods to be adopted for the disposal of the investment in the share capital of Rai Way S.p.A. held indirectly by the Ministry of the Economy and Finance (Official Gazette General Series no. 229, dated 2 October 2014) and thereby officially authorized the disposal of the equity investment as part of the Global Offering.

Rai notified the Presidency of the Council of Ministers of the Italian Republic of the Global Offering as required. Following this notification, no communications of any kind concerning the possible exercise of *golden powers* were received within the terms provided for by the

implementing decrees explained in Section 1.4 (*see* Section 1.4 above) by the Presidency of the Council of Ministers with regard to Rai. On 23 October 2014, the following statement was published on the official website of the Presidency of the Council of Ministers of the Italian Republic *“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 authorisation of the sale of minority shareholding in Rai Way S.p.A. aimed at obtaining a market listing”*.

#### **1.6. Equity investments in other companies**

During the latter part of 2020, Rai Way acquired the entire share capital of Sogepotel S.r.l.; at 31 December 2020, and the date of this Report, the Company held this majority stake only (moreover, in a company that no longer has any operating activities).

## **2. INFORMATION ON THE OWNERSHIP STRUCTURE (PURSUANT TO EX ART. 123-BIS, PARAGRAPH 1 OF THE TUF) AT 31 DECEMBER 2020**

### ***2.1. 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.

### ***2.2. Restrictions on transferability of shares***

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

The purchase of some equity investments that are relevant for the control of the Issuer by non-EU subjects could be limited by the special powers of the State (the so-called "golden powers") provided for by Legislative Decree no. 21 of 15 March 2012, converted with amendments into Law no. 56 of 11 May 2012, as subsequently amended by Legislative Decree no. 148 of 16 October 2017, and by Legislative Decree no. 105 of 21 September 2019 (converted with amendments by Law no. 133 of 18 November 2019). Further information is provided in previous Section 1.4 of this Report.

For information on the procedures for the transfer of shares in the Issuer's capital by the shareholder Rai, see Section 1.5 of this Report.

### ***2.3. Significant equity investments in share capital***

According to the Shareholders' Register, the notices received in compliance with the law and other information available as of today, the shareholders holding more than 5% <sup>(1)</sup> of voting capital, as of the date of this Report, as well as at 31 December 2020, are those indicated in TABLE 1, attached to this Report.

### ***2.4. Securities that grant special rights***

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

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(1) Given the fact that the Issuer is an "SME" pursuant to Art. 1, paragraph 1, letter w-*quater*.1) of the TUF, the applicable percentage for the purposes of disclosure obligations pursuant to Art. 120, paragraph 2 of the TUF is equal to 5%.

## **2.5. Employee shareholdings**

In 2020, (at the date of this Report), Rai Way employees had no equity stakes.

## **2.6. Restrictions on voting rights**

There are no restrictions on shareholder voting rights.

## **2.7. Shareholders' agreements**

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

## **2.8. Change of control clauses**

Taking into account the stake held by the controlling shareholder and the regulatory framework within which it operates, the Company is currently not subject to contention.

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

- (i) the intra-company 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. These residual payment services do not include, in any case, payments resulting from the New Service Agreement. Under the new intra-company current account agreement, Rai Way has been given the option to deposit its liquid assets in favor of Rai in an additional intra-company current account. Specifically, the Issuer is required to provide information on the technical characteristics of the deposit in terms of effective date, duration and amount and, in the event of an agreement with Rai also the financial terms. 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 intra-group 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 Agreement, which go directly in the Company's current accounts and are managed independently. This agreement, which has a term of one year, is renewable by tacit



consent 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 signed on 29 October 2020 by Rai Way and Mediobanca - Banca di Credito Finanziario SpA, Banca Nazionale del Lavoro SpA, Unicredit SpA and Cassa Depositi e Prestiti SpA, in their capacity as lending institutions, concerning the granting of a loan divided into two credit lines, both expiring on 27 October 2023, specifically: i) a term credit line, for a maximum amount of €120,000,000.00 and ii) a revolving credit line, for a maximum amount of €50,000,000.00. The said agreement provides for, *inter alia*, in line with market practice, an obligation to repay if there is a change in the Company's current control structure. It should be noted that, as of the date of this Report, the amount disbursed in favor of Rai Way pursuant to the aforementioned loan agreement is equal to €15,000,000.00 in relation to the so-called term credit line, while the so-called revolving credit line has not been used.

## **2.9. Provisions in the articles of association regarding takeover bids**

The Articles of Association do not contain any derogation from the provisions of the TUF concerning takeover bids, including the provisions of Art. 104, paragraphs 1 and 2 of the TUF concerning the so-called passivity rule and the further derogations and powers set out in Art. 106 of the TUF deriving from the Company's status as an SME (*see*. Section 1.3 of this Report). Moreover, the Articles of Association do not call for enforcement of the neutralisation rules provided for in Art. 104-*bis* of the TUF.

## **2.10. Authorisation to increase share capital and/or purchase treasury shares**

At the date of this Report, there are no Shareholder Assembly 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 authorised to issue bonds convertible into ordinary or savings shares or bonds with warrants for the purchase of shares.

Following the withdrawal of the resolution authorizing the purchase and disposal of treasury shares adopted by the ordinary Shareholders' Meeting of June 24, 2020, the Shareholders' Meeting of April 18, 2019, authorized the Board of Directors to purchase and dispose of treasury shares, in accordance with Articles 2357 *et seq.* of the Italian Civil Code and Art. 132 of TUF and Art. 144-*bis*, letters a), b) and d) of the Issuers' Regulations. In particular, the Shareholders' Meeting resolved to authorise, in the eighteen months from the date of the Shareholders' Meeting resolution, the purchase, on one or more occasions, of treasury shares up to a maximum number of shares not exceeding 10% of the share capital, at a price not more than 20% lower or higher than the official stock exchange price of the shares as recorded by Borsa Italiana S.p.A. in the session preceding each individual transaction, according to any of the methods allowed by the regulations in force, excluding the right to purchase treasury shares through the purchase and sale of derivative instruments traded on regulated markets that provide for the physical delivery of the underlying shares, purchases being possible also on the basis of applicable market practices allowed by Consob. This was done in order to provide the Company with an important flexibility tool, which can be used for the following purposes: i) investment of liquidity in the medium and long term, or for

the purpose of optimizing the share capital structure or, in any case, to seize market opportunities; ii) operate, in compliance with the provisions in force, to contain abnormal price fluctuations and to regularize the trend of negotiations and prices, in the face of momentary distorting phenomena linked to excess volatility or a lack of trading liquidity; iii) creation of a portfolio of treasury shares that can then be used for purposes deemed to be of interest to the Company, including to service share incentive plans or as part of bonus issue of free shares to the shareholders. Furthermore, the Shareholders' Meeting authorized the disposal of treasury shares, for the aforementioned purposes and with no time limits, at a price or according to any method deemed appropriate to correspond to the objectives pursued, and in any case, based on criteria and conditions determined by the Board of Directors, with reference to the implementation methods used, the trend in share prices in the period prior to the transaction, and the best interests of the Company, in compliance with the provisions of governing law and regulations.

The Company carried out and completed a share buyback program during the 2020 financial year, pursuant to the shareholders' authorization mentioned above. As a consequence, at 31 December 2020 (as well as at the date of this Report), the Company holds 3,625,356 treasury shares, equal to approximately 1.33% of its share capital, since the company neither holds such shares itself, nor does it hold them through its subsidiaries.

### ***2.11. Management and coordination activities***

Rai Way is subject to the management and coordination activities 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 Regulations 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 the First Trading Day, aims, on one hand, to balance 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 Management and Coordination 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 Issuer'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, furthermore, must be a distinct feature of the procedures for appointing and hiring personnel (for more information on remuneration, see the contents of Section 8 below of this Report).

As regards to the afore-mentioned management and coordination activities of the Company, in 2020, and as at the date of this Report, all provisions set forth in Art. 16 of the Market Regulations, were complied with.

### 3. COMPLIANCE

With reference to the 2020 financial year, Rai Way continued to adopt, as specified below, the Self-Regulatory Code approved by the Corporate Governance Committee, which is accessible to the public on the Committee's website ( at <http://www.borsaitaliana.it/comitato-corporate-governance/homepage/codice/2018clean>). As discussed in greater detail in Section 17 of this Report, subsequent to the closing of the 2020 financial year, the Company adopted the Corporate Governance Code (available to the public at <http://www.borsaitaliana.it/comitato-corporate-governance/homepage/codice/2020>), new edition of the Corporate Governance Code.

With regard to the recommendations reported in December 2020 by the Corporate Governance Committee, in a letter from its Chairman, Section 18 below, indicates the portions of this Report where related information is given or referred to.

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

## 4. BOARD OF DIRECTORS

### 4.1. *Appointment and replacement (Art. 123-bis, paragraph 1, letter l) of TUF)*

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

Directors are appointed by the Shareholders' Meeting by way of slates presented by eligible parties; the candidates must be listed in numerical order, with no more than 11 candidates. Each list must be made up of candidates belonging to both genders, so as to ensure compliance with the balance between genders, at least to the minimum extent required by the legislation, including regulations, in force.<sup>(2)</sup>

Each person entitled to vote (as well as (i) the legitimated parties belonging to the same group, i.e. the controlling party (including non-corporate) pursuant to Art. 2359 of the Italian Civil Code and any company controlled by or under the common control of the same party, or (ii) the members of the same shareholders' agreement pursuant to Art. 122 of the TUF, or (iii) the legitimated parties that are otherwise connected with each other by virtue of relevant relationships pursuant to the law and/or applicable regulations) may only submit or take part in the presentation of one list, and each candidate may be included in one list only, otherwise he/she will be considered ineligible.

Entitled to submit lists for the appointment of Directors are those persons entitled to vote who, alone or together with others, hold voting shares representing at least 2.5% of the share capital with voting rights in the ordinary shareholders' meeting, or the lower amount established by mandatory provisions of law or regulations (at least 1% of the share capital, which is envisaged both during the 2020 financial year and at the date of this Report according to Consob Guidelines no. 28 of 30 January 2020 and no. 44 of 29 January 2021).

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, including 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 as provided under applicable laws and regulations at least 21 days prior to the date of the Shareholders' Meeting (or as otherwise required by prevailing legislation).

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(2) In this regard, it should be noted that - in line with the provisions contained in Art. 144-*undecies*.1, paragraph 2, letter a) of the Issuers' Regulation - compliance with the gender balance criterion is envisaged for lists that include a number of candidates equal to or higher than three.

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

- information pertaining to individuals who submitted slates, with information on the total shareholding;
- 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 he/she appears 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 contain 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 receiving the highest number of votes, in the order in which they appear on the list; 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 slates, in the order in 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 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 same number of Director/s shall be elected from both slates and, in the event of an odd number of Directors, the oldest candidate Director not already drawn from these slates shall be elected as the Director;
- (iv) if the number of candidates in the majority as well as minority 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, the shareholders shall have a second ballot among the candidates concerned in order to break the tie;

- (v) in the event that only one slate is submitted, or no slate is submitted, the Shareholders' Meeting shall deliberate according to 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 from 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 application of the substitution criteria referred to in point (vi) above, suitable replacement candidates have not been found, the Shareholders' Meeting shall resolve by 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 balance, 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 applicable laws and regulations in force, 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 to reduce the number of Directors. The Directors thus appointed by the Shareholders' Meeting shall remain in office until expiry of the term of Directors in office as of the time of their appointment. 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 balance established by current law and regulations are met.

In the event that the majority of Directors appointed by the Shareholders' Meeting should cease to hold office for any cause or reason, the entire Board shall be considered 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***

During the 2020 financial year (as well as at the date of this Report), the "Contingency Plan" previously adopted by the Board of Directors remained in force, following the relevant investigation and proposal by the Remuneration and Appointments Committee. The purpose of this plan is to regulate the actions to be taken in case of early termination of the

office of the Chief Executive Officer (the only Executive Director and also Director General) with respect to the ordinary term of office, or in case of imponderable and unforeseeable events that prevent the Chief Executive Officer from carrying out his/her duties, with the aim of ensuring continuity in the regular management of the Company, even in a transitory period, by temporarily entrusting the same powers assigned to the latter to the Chairman of the Board of Directors. With reference to the more general issue of the profiles and characteristics deemed relevant with respect to the position of the company Top Management, also in relation to the related internal assessments, reference has continued to be made to the assessments already carried out in the previous year.

## **4.2. Composition (ex Art. 123-bis, paragraph 2, letter d) of 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 three years and may be re-elected. The ordinary session of the Shareholders' Meeting establishes 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 approve 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 requirements of professionalism and integrity required by the laws and regulations in force at the time; furthermore, a number of Directors who are not less than the number required by the laws and regulations in force at the time must meet the independence requirements (in addition to the legal 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 completeness, it should be noted that pursuant to Article 16 of the Market Regulations, given that the Company is subject to management and coordination by Rai, the Company must have an internal control committee made up of independent directors (in the sense specified in paragraph 1-*bis* of the same article) and, where established, other committees recommended by codes of conduct on corporate governance promoted by regulated market management companies or trade associations must also be made up of independent directors (in the case of the Company, therefore, by the Corporate Governance Code).



### ***Composition of the Board***

The Board of Directors in office at the date of this Report is made up of nine directors and its composition is in line with the current legal and regulatory provisions on gender balance.

The table below provides information on each member of the Board of Directors in office as at 31 December 2020.

<b>NAME AND SURNAME</b>	<b>POSITION</b>	<b>PLACE AND DATE OF BIRTH</b>	<b>DATE OF APPOINTMENT</b>
Giuseppe Pasciucco	Chairperson	Rome, 22 November 1965	24 June 2020
Aldo Mancino	Chief Executive Officer	Livorno, 20 October 1964	24 June 2020
Stefano Ciccotti	Director	Rome, 1 August 1960	24 June 2020
Riccardo Delleani	Independent Director	Rome, 1 January 1960	24 June 2020
Annalisa Raffaella Donesana	Independent Director	Treviglio (BG), 09 June 1966	24 June 2020
Barbara Morgante	Independent Director	Livorno, 12 September 1962	24 June 2020
Umberto Mosetti	Independent Director	Rome, 06 March 1965	24 June 2020
Donatella Sciuto	Independent Director	Varese, 05 January 1962	24 June 2020
Paola Tagliavini	Independent Director	Milan, 23 October 1968	24 June 2020

With reference to the current Board of Directors, all the Directors mentioned above, who were appointed by the Shareholders' Meeting on 24 June 2020, were taken from the "majority" list submitted by the majority shareholder Rai (which was voted by 72.75% of the ordinary shares admitted to the vote) except for Umberto Mosetti, who belonged to the "minority" list submitted by Artemis Investment Management LLP, as investment advisor

and on behalf of certain investment funds.

The *curricula vitae* of the Directors in office as of 31 December 2020, with updated statement on their professional and personal characteristics and on their skills and experience accrued by virtue of what their statement, are published on the Company's website [www.raiway.it](http://www.raiway.it) (Governance/Governance System/Board of Directors section) to which reference should be made, without prejudice to what has already been published in the above-mentioned lists for the appointment of the Board of Directors in office.

It should be noted that, with respect to the first half-year 2020, prior to the Shareholders' Meeting of 24 June 2020, the Board of Directors was composed of the following members: Mario Orfeo (Chairman), Aldo Mancino (Chief Executive Officer), Joyce Victoria Bigio (Independent Director), Fabio Colasanti (Independent Director), Anna Gatti (Independent Director, in office until 21 April 2021), Umberto Masetti (Independent Director), Donatella Sciuto (Independent Director), Gian Paolo Tagliavia (Director) and Paola Tagliavini (Independent Director).

With reference to the *curricula vitae* of the Directors in office during 2020 and not belonging to the Board of Directors at 31 December 2020 (as well as at the date of this Report), reference should be made to the contents of the Report on Corporate Governance and Ownership Structure relating to 2019 (also published on the Company's website under section Corporate Governance/Shareholders' Meetings/Meetings/Ordinary Meeting 2020).

It should also be noted that the Board of Directors held twelve meetings during the 2020 financial year, with an average duration of 2.18 hours (including n. 7 meetings for the Board in office until the Shareholders' Meeting of 24 June 2020, and n. 5 meetings, for the Board in office after the said Shareholders' Meeting).

For more information about the members of the Board of Directors in office in 2020 (or parts thereof), and in particular on the attendance at the board meetings held during the respective periods in office, see Table 2 attached to this Report (which also provides information on the attendance at the meetings of the Board of Directors Committees by its members).

Three meetings of the Board of Directors were held in 2021 as at the date of this Report.

#### **4.2.1. 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 of their duties, also in light of participation in Board Committees, 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, during the 2020 financial year, as well as at the date of this Report, the policy was maintained that envisages a maximum number of no more than five (5) positions as director and statutory auditor in companies listed on regulated markets, including foreign markets, or in financial, banking, insurance or large companies, compatible with the effective performance of the office of Director of the Company, specifying that as far as the Executive

Director, these positions may only be of a non-executive nature and that any positions held by directors in companies belonging to the RAI Group, shall not be counted in for the purposes of calculating the number of positions. Notwithstanding the above limits and provided that they are not positions in companies with shares listed on regulated markets (including foreign markets), the Board of Directors may, exceptionally, allow a derogation from the limit so that the holding of multiple positions in other companies belonging to a single group is considered a single position, following assessment by the Board based on relevant information that must be provided - where necessary by the Chair of the latter - by the Director concerned in order to confirm the continued availability of the time considered necessary for the diligent performance of the position at the Company. It should also be noted that the Chief Executive Officer, Engineer Mr. Aldo Mancino, engineer, does not hold, on the date of this Report, nor has he previously held, the role of director 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).

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 impose a limit on the number of cumulative 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 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 as of last December 31, (and at the date of this Report), as was the case in the 2020 financial year, is consistent with the aforementioned guidelines.

#### **4.2.2. Criteria and policies regarding diversity in the composition of the boards of directors and control bodies**

With reference to the criteria and policies regarding diversity in the composition of the boards of directors and control bodies, the following should be noted.

As regards diversity in terms of gender, the Articles of Association transpose the law directives that ensure a balance of genders in the composition of the Board of Directors and of the Board of Statutory Auditors. During the 2020 financial year and at the date of this Report, the Board of Directors is made up of four women and five men and the Board of Statutory Auditors is made up of two women (including the Chairman) and one man (and the alternate members are one woman and one man); this arrangement will continue for the entire 2020 financial year.

With regard to diversity in terms of educational and professional background, in 2020 the Company carried out an assessment on the functioning of the Board and its internal Committees, as well as on their size and composition, pursuant to the provisions contained in the Corporate Governance Code, also with regard to diversity criteria and, therefore, taking into account elements such as, in particular, the professional experience (including managerial) and gender features of its members, as well as their seniority in office. In this regard, the Board of Directors has deemed adequate a gender diversity ratio such as the present one or, in any case, similar (without prejudice to the applicable provisions of law and

regulations), as well as the presence of managerial and/or professional profiles with knowledge and experience in the field of technological infrastructures (in particular, media and telecommunications) within the Board as a whole and with a view to complementarity, financial issues (especially extraordinary financial operations), risk management, governance and compliance of listed companies, as well as strategic vision abilities and, in general and with an overall view, adequate seniority (intended as proven experience in complex organizational contexts in corporate and/or professional and/or institutional contexts) and experience on the boards of directors of companies, preferably listed companies, of a size and/or complexity similar to those of the Issuer. This is without prejudice to further possible skills that may be deemed useful, albeit subordinate to the previous ones, and to the adequate skills, experience and authoritativeness to be considered for those who hold the specific offices of Chairman of the Board of Directors and Chief Executive Officer, according to these specific roles.

With regard to the internal Committees of the Board of Directors, it should be underlined that, during 2020, their composition was as indicated in the Corporate Governance Code: (i) the presence of at least one member of the Remuneration and Appointments Committee who has adequate knowledge and experience of financial matters or remuneration policies; and (ii) at least one member of the Control and Risk Committee who has adequate experience in accounting and finance or risk management. These characteristics are also present at the date of this Report, it should be noted that, as regards the second of these Committees (now called “Control and Risk and Sustainability Committee”), with the adoption of the Corporate Governance Code in 2021 and in line with the respective recommendation provided therein, it was assessed as meeting adequate expertise in the business sector in which the Company operates, in relation to the assessment of the related risks in accordance with the assessment of the respective risks.

With reference to the characteristics of the members of the Board of Directors and Board of Statutory Auditors, the requirements, as applicable, of integrity, professionalism and independence must be met, as well as the provisions regarding incompatibility and/or forfeiture set forth by the law and by the Articles of Association shall apply, since it was not deemed necessary to set out additional guidelines in this regard.

Finally, the Board of Directors, as at the end of the 2020 Financial Year, is entirely made up of members aged over 50, while, with regard to seniority in office (with respect to which reference should be made to what is indicated for each Director in Table 2 attached to this Report), four of the nine members were part of the Board of Directors in office during the previous term of office of the Board.

#### **4.2.3. Induction Program**

In 2020, and up to the approval date of this Report and consistent with the previous financial year, in-depth analyses were carried out also for purposes of induction. In particular, speeches and in-depth sessions were held on strategic and scenario profiles, including prospective ones, and from a regulatory and technical point of view (in particular, with respect to the evolution of the processes inherent to the structuring of networks and allocation of frequencies dedicated to the broadcasting of radio and television signals as a result of the so-called “refarming” of the latter, namely, the process of gradual release of some of these frequencies in light of the implementation of mobile telephone networks with

5G technology) in particular relating to the preparation and, therefore, implementation of the 2020-2023 Business Plan, as well as regulatory and Corporate Governance aspects and issues relating to sustainability and risk control and management systems. These speeches and in-depth studies were generally held in the context of Board meetings or meetings of the Board Committees, and also in some cases in sessions outside of these contexts (and in this last case, in particular, one session was specifically dedicated to the introduction to the Company's activities and programmes of the Directors appointed for the first time by the Shareholders' Meeting of 24 June 2020 to the Board); on several occasions, there was also the intervention and contribution of the Company's managers responsible for the subject matter.

#### **4.3. *Role of the Board of Directors (ex Art. 123-bis, paragraph 2, letter d) of the TUF)***

Pursuant to current regulations for companies with shares listed on regulated markets and in accordance with the recommendations of the Code of Conduct (no referred to as 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 or the Board of Directors or Board of Statutory Auditors, to convene a meeting. The Board itself evaluates on an annual basis the adequacy and effectiveness of the Board Regulations, which were confirmed in the course of the 2020 financial year (while during the first part of 2021, some changes were approved, mainly to comply with the provisions of the Corporate Governance Code).

Generally, the call notice is sent to all Directors and Standing Auditors at least three days before the meeting. In urgent cases, this period may be reduced to one day. The notice of call 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 board meeting (with reference to business days). When, in specific cases and as an exception, 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. It should be noted, however, that information flows are normally managed in such a way that confidentiality requirements do not compromise the thoroughness, usability and timeliness of the information. As regards the financial year 2020 and as at the date of this Report, the Directors and Auditors were sent and given access to support documentation, also in electronic form, 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, barring exceptional instances, the items on the meetings agenda were duly analyzed and discussed, or dealt with, in whole or in part, at subsequent meetings. This documentation consists normally of summary notes,

presentations or tables, in addition to, in some cases, especially as regards accounting documents for the period, the draft of the entire document at issue.

The Chairman of the Board of Directors, also upon request of one or more Directors, may request to the CEO that certain executives of the Issuer, in charge of the pertinent corporate management areas related to the Board agenda, attend the Board meetings in order to provide appropriate supplemental information on the items on the agenda. In 2020 and until the date of approval of this Report, the meetings of the Board of Directors were attended by certain key management personnel of the Company, such as the Chief Financial Officer and the Chief Human Resources Officer, when matters related to their respective organizational expertise were being discussed, and on some occasions, they were attended by other heads of business structures, and in particular the Head of Corporate Development and Investor Relations. The Secretary of the Board attended almost all Board meetings, in certain cases also as part of his/her role as Manager of the Legal and Corporate Affairs Department.

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Art. 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 based on the specific skills of each of its members. In particular, the Board of Directors shall be vested with all powers for the ordinary and extraordinary management of the Company, and the right to carry out all actions considered necessary or appropriate to achieve the corporate purpose, except for those powers that are reserved by law and/or the Articles of Association to the Shareholders' Meetings.

Moreover, Art. 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:

- general guidelines, as well as adoption and amendment of the Company's business, strategic and financial plans;
- the appointment and dismissal of the Director General 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) opening and closing of secondary offices;
- (ii) 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, the Board has the task of reporting to the shareholders at the Shareholders' Meeting.

The Board of Directors assessed the adequacy of the Company's organizational, administrative and accounting structure, with particular reference to the internal control and risk management system, in this latter area making use of the investigative activities of the Control and Risk Committee (referred to, at the date of this Report, as the Control and Risk and Sustainability Committee).

The Board assessed the general management performance, taking into consideration, in particular, the information received from the delegated bodies and comparing, on a periodic basis, at least quarterly, the results achieved with those planned.

With reference to the general criteria for identifying transactions of significant strategic, economic, equity or financial importance for the Issuer, all transactions that do not fall within the scope of the management powers assigned within the Company were considered to be of such importance.

In view of the renewal of the Board with the Shareholders' Meeting held for the approval of the financial statements at 31 December 2019, having previously heard the opinion of the Remuneration and Appointments Committee, and having taken into account the result of the self-assessment with regard to the size, composition and functioning of the Board and its Committees, in 2020, the Board of Directors expressed its opinion on the size of the Board and the managerial and professional figures whose presence on the Board is deemed appropriate, also with regard to diversity criteria (these guidelines were made available to the public in view of the Shareholders' meeting, as also indicated in the Report on Corporate Governance and Ownership Structure for 2019).

With reference to the 2020 financial year, the Board of Directors carried out a self-assessment on the size, composition and functioning of the Board itself and of the Committees set up within it, taking into account the provisions of the Corporate Governance Code adopted in that year (even though this process is not required by the Corporate Governance Code, insofar as applicable to the Company). In this regard, the relative process, previously defined by the Board of Directors, was carried out with the support of the Secretariat of the Board of Directors, mainly through the completion of a questionnaire. The overall results of the process were discussed by the Board of Directors, which rendered an overall positive and adequate assessment of the size, composition and functioning of the Board and its Committees. In this regard, while some elements were considered satisfactory, such as, in particular, the information provided in advance and during Board meetings and the management of the work and the level of debate at Board meetings, some elements for possible improvement were noted, such as, in particular a further in-depth examination and development of the issues concerning the impact of the aspects linked to sustainability in the implementation of the strategic lines (an element which was also taken into account in relation to the presentation of the general policy on sustainability issues and the multi-year operating plan in relation to these profiles of the Company (consistent with the lines already envisaged in the 2020-2023 Industrial Plan adopted in March 2020) approved on the same date as the approval of this Report and as reported in the context of Section 9.1). In relation to the Covid-19 emergency, it was then noted that the Board had been adequately informed of the development of the situation and the measures taken at the corporate level. Among other things, this situation has led to a much wider use than in the past of remote means of attendance to the Board and Committee meetings.

The Shareholders' Meeting did not authorize any exception to the prohibition on competition pursuant to Art. 2390 of the Italian Civil Code.

#### **4.4. Delegated Bodies**

##### **4.4.1. 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.

At the date of this Report, and for all of 2020, this position was held by Aldo Mancino.

During 2020, the Board of Directors conferred to Engineer Aldo Mancino, as Chief Executive Officer, (and Eng. Mancino still has said power at the date of this Report):

- all the management and representation powers pertaining to the ordinary administration of the Company, in addition to the following:
  1. to represent the Company, within the scope of his or her powers, and to sign on the Company's behalf vis-a-vis public and private entities, courts and legal authorities, tax administrations and independent authorities;
  2. to implement, within the scope of the powers conferred to him, the resolutions adopted by the Board of Directors;
  3. to execute, amend and resolve on purchases and sales acts, agreements and contracts, in all cases on those related to the purpose of the company including, but not limited to, agreements for the purchase, sale, exchange, lease of fixed and movable, tangible and intangible assets, to the establishment and acquisition of partial usage rights on these assets, of contracts related to intellectual properties, trademarks, or patents, of contracts related to the supply, marketing and provision of services, of transactions related to the aforementioned acts, agreements and contracts, with the understanding that the value of the aforementioned acts, agreements and contracts must not exceed, individually or jointly with any other agreements, €2,000,000.00 (two million);
  4. to hire and fire personnel, if it is possible to terminate the respective employment contracts, including transactions and related agreements; except for hiring, firing or terminating the employment of key management personnel, as defined by the Board of Directors; to manage personnel, including, but not limited to, authorizing promotions, transfers, changes of assignments and remunerations, with the only exclusion being the promotions of key management personnel, as defined by the Board of Directors, as well as to manage the same personnel with the express power to undertake all relevant actions required by the law, in particular with regard to trade unions, insurance, social security and taxation, and to see to the enforcement of collective employment contracts;
  5. to execute, amend and terminate contracting and independent work agreements, including those related to the assignment of advisory and/or technical/professional services to external experts, in the maximum amount of €500,000 (five-hundred thousand) per agreement or assignment, or for multiple agreements or assignments, with the same entity and within the same financial year; to represent the Company before Trade Union associations and



organizations, and before the competent bodies for matters related to labor agreements and litigation, vested with the ability to negotiate and settle conditions and disputes;

6. 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, 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 or financial needs;
7. 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, guarantees 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 favor; and to forgive mortgages and subrogation, including legal mortgages, and to take all other action concerning mortgages taken out by third parties in favor of the Company; to conclude, amend or terminate mortgages provided that the total amount of the aforementioned transactions does not exceed €1,000,000.00 (one million) either individually or in combination with other transactions;
8. to represent the Company in the Shareholders' Meetings for other companies or foundations, associations, consortia, or other types of entities in which the Company has a vested interest;
9. 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 by taking civil or administrative proceedings for all orders and levels of administrative and legal 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; 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; to settle individual cases/disputes when the resources needed of the transaction are no higher than €1,000,000 (one million);
10. 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;

11. to fulfil all the obligations to which the Company must abide, as personal data controller pursuant to the applicable European (in particular EU Regulation 2016/679) and/or national provisions, exercising the widest decision-making powers on this matter, also with particular reference to the security profile of the personal data;
12. 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;
13. 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 following tasks and functions:

1. to design multi-annual strategic, development and business plans to submit to the approval of the Board of Directors ensuring their implementation; to propose the general direction of the business, sales policies, production and purchase of goods and/or services, as well as all initiatives that he will deem useful to the interest of the Company;
2. to draft budgets and financial statements and submit them to the Board of Directors;
3. within the scope of the corporate organization set out by the Board of Directors, define the functional structures of the Company and in general ensure that the organizational, administrative and accounting structure is adequate for the corporate nature and size of the Company, notwithstanding the powers attributed to the Manager in charge of preparing the corporate documents pursuant to the applicable provisions of the law;
4. to define the main principles of personnel policy in compliance with the guidelines and directives set forth by the Board of Directors, notwithstanding, also exercising the powers conferred in the area of personnel management, all aspects within the scope of competence of the Board of Directors itself and its internal Committees as regards the remuneration policy of key management personnel and activities that concern the latter;
5. to arrange for and implement the necessary direction and coordination activities of the subsidiaries that are subject to them, either directly or indirectly, with reference to ordinary administration activities and in all cases concerning the areas related to those powers, tasks and functions assigned with regard to the Company's activities, by informing periodically the Chairman about the activities carried out;
6. to implement, while exercising the conferred powers, financial policy directives approved by the Board of Directors, and to report, at the next meeting of the Board of Directors, on the financing transactions carried out by virtue of the assigned powers;

7. to propose to the Board of Directors the designation of Directors, Auditors and Independent Auditors who can be appointed in companies or foundations, associations, consortia or other entities in which the Company has an interest.

#### **4.4.2. 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, remains 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.

Furthermore, the latter: convenes and chairs the Board of Directors, playing a coordinating role in the functions of the administrative body; ensures that adequate information, in terms of both quality and quantity, on the items on the agenda is provided to all Board members, in order to allow the Board to express an informed opinion on the matters submitted to its examination and approval; organizes and coordinates the work of the Board of Directors.

Since the General Shareholders' Meeting held on 24 June 2020 (as at the date of this Report), the role of Chairman of the Board of Directors has been held by Giuseppe Pasciucco.

On 24 June 2020, following the above-mentioned resolution of appointment by the Shareholders' Meeting adopted on the same date, and in line with the powers already granted to the outgoing Chairman, the Board of Directors resolved to assign to the Chairman of the Board of Directors, Giuseppe Pasciucco, to the extent necessary and without prejudice to the powers of corporate representation and the functions established for the office pursuant to the Articles of Association and the law, the following powers of representation:

1. to represent the Company in Italy and abroad in its dealings with national and local governments, public and private entities and natural and legal persons, in order to exercise the powers necessary to take all actions pertinent to the corporate purpose;
2. 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 by taking civil or administrative proceedings for all orders and levels of administrative and legal 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 counsels, 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;

3. to represent the Company, also through its own designated subjects, in the establishment of companies, associations, consortia, foundations and other entities as well as at the Shareholders' Meetings of foundations, associations, consortia or other entities in which the Company holds an interest; to appoint and to revoke delegated parties and legal representatives, general or special, for the execution of specific categories of acts or single acts, within the scope of the aforementioned powers.

The Board of Directors has also assigned to its Chairman, Mr Giuseppe Pasciucco, the following:

- i) to oversee and monitor, as regards the application of the set forth provisions in the area of corporate governance of the Company and secretary activities for the Board of Directors;
- ii) to oversee, in coordination with the CEO, institutional relationships;
- iii) to hold the role as primary contact person in relationship with the Supervisory Authority under Legislative Decree no. 231/2001;
- iv) to participate, in agreement with the CEO (as Appointed Director) in the formulation of proposals regarding the appointment, revocation and remuneration of the manager in charge of internal audits and the supervision of the activities carried out by the latter.

With regard to the powers and functions assigned to the Chairman of the Board of Directors until the aforementioned Shareholders' Meeting of 24 June 2020, reference should be made to the contents of the Report on Corporate Governance and Ownership Structure relating to the 2019 financial year (also published on the Company's website under the section Corporate Governance/Shareholders' Meetings/Meetings/Ordinary Meeting 2020).

#### **4.4.3. Executive Committee**

Throughout 2020 and as at the date of this Report, no Executive Committee has been established.

#### **4.4.4. Board Briefing**

Pursuant to Art. 19 of the Articles of Association and the Board Regulations, a meeting of the Board of Directors is convened at intervals of not more than three months, coordinated and regulated by the Chairman of the Board of Directors, or his deputy, who also ensures that the Directors are provided with adequate and timely information, so as to allow the Board to express itself with due awareness on the matters submitted to its evaluation. In particular, the Board Regulations establish that the flow of information amongst and within corporate bodies is an essential condition for ensuring the achievement of the objectives of efficient

management and effective control of the Company. Therefore, continuous and comprehensive reporting 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.

Art. 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 the 2020 financial year, the Board of Directors was informed, in accordance with the expected periodicity of at least quarterly intervals, in particular, during the meetings of the Board of Directors.

#### ***4.5. Other Executive Directors***

In 2020 (and at the date of this Report), in addition to the Chief Executive Officer in office, no other Executive Directors were in office in compliance with the Corporate Governance Code.

#### ***4.6. Independent Directors***

With reference to the 2020 financial year, at the date of this Report, the Board of Directors has always been composed of a majority of Independent Directors, in a number of six (as also indicated in Sections 6, 7 and 9 below, pursuant to Art. 16 of the Market Regulation, the Board Committees set up within the Board of Directors in accordance with the Corporate Governance Code, must be composed only of Independent Directors).

With regard to the Board in office following the appointment by the Shareholders' Meeting of 24 June 2020, the six Directors qualified, based on the requirements set out by law and by the Corporate Governance Code, as Independent Directors are Riccardo Delleani, Annalisa Raffaella Donesana, Barbara Morgante, Donatella Sciuto and Paola Tagliavini (belonging to the "majority" list submitted by the majority shareholder Rai) and Umberto Mosetti (belonging to the "minority" list submitted by Artemis Investment Management LLP, as investment advisor and on behalf of some investment funds).

At the Board meeting held on 24 June 2020, the assessment of the independence requirements provided for by both the Corporate Governance Code and Art. 148, paragraph 3, of the TUF was carried out for the above-mentioned non-executive members of the Board of Directors, in the presence of the Board of Statutory Auditors (which did not make any observations) based on written statements and the information contained therein, made by

the independent directors in connection with the submission of their respective candidacy, as well as the Company's findings in this regard. Upon accepting their appointment, the Independent Directors have undertaken to promptly notify the Board of Directors of any changes that occur, including with regard to the satisfying the independence requirements. In addition, this assessment was then renewed with the same results, also in relation to the adoption of the above-mentioned new edition of the Corporate Governance Code and the provisions therein. In this regard, it should be noted that, with reference to the independence criteria set forth in Recommendation 7 of the Corporate Governance Code for Directors, and whose compliance is also required for Statutory Auditors in accordance with Recommendation 9 thereof, it was provided as follows: (i) any additional relationship/remuneration indicated therein that entails an annual income greater than or equal to the annual fee paid by the Company in the previous year, for the duties of non-executive Director (currently €44,100.00), shall be generally considered material for the purposes of letters c) and d) of the aforesaid Recommendation 7; and (ii) parents, children, spouses from which one is not legally separated and cohabitants are considered "close family members" for the purposes of letter h) of the aforesaid Recommendation 7.

With reference to the Board of Directors in office until the Shareholders' Meeting of 24 June 2020, the following six Directors qualified as being Independent, as provided by law and under the Self-regulatory Code: Joyce Victoria Bigio, Fabio Colasanti, Anna Gatti (until 21 April 2020) as well as Umberto Mosetti, Donatella Sciuto and Paola Tagliavini (the last three as indicated above then re-appointed), with respect to which the relative assessments had been renewed by the same Board of Directors, as also reported in the Report on Corporate Governance and Ownership Structure relating to the 2019 financial year.

The Independent Directors met once in 2020, without the presence of the other Directors, and, in any case, separately and independently from Board meetings. This meeting dealt, in particular, with issues relating to possible business and strategic developments with reference to the provisions of the Company's 2020-2023 Business Plan, approved during the year, and their monitoring, as well as aspects relating to the organization of Board meetings.

#### **4.7. *Lead Independent Director***

During the 2020 financial year, no Lead Independent Director was provided for, as the conditions for the appointment of the same pursuant to the Corporate Governance Code were not met (also at the date of this Report, no Lead Independent Director had been appointed, pursuant to the Corporate Governance Code).

## 5. HANDLING CORPORATE INFORMATION

The Board of Directors has adopted guidelines and procedures for setting up the necessary organizational control bodies in charge of handling confidential and inside information, as well as for keeping the Register of the subjects who have access to privileged information (“Inside Information Policy”), in effect in 2020 and as at the date of this Report.

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 Issuer’s affairs to make informed investment decisions. The Inside Information 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 Directors, Statutory Auditors, executives and employees of Rai Way (and any of its subsidiaries), 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 relating, directly or indirectly, to Rai Way.

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 his/her Deputy Officer), is the person in charge of implementing the various provisions of the Inside Information Policy, in particular:
  - (i) with input and assistance from the relevant units, ensures compliance with market disclosure obligations by releasing statements approved, depending on the case, by either the Chief Executive Officer and the Chairman of the Board of Directors, or by the Board of Directors, the latter case with the authorisation for release by the Chief Executive Officer and the Chairman of the Board of Directors;
  - (ii) with input from the relevant units, maintains the registry pursuant to Art. 18 of EU Regulation no. 596/2014 and ensures that the data contained therein is up-to-date and safely stored;
- (b) a specially formed “Inside Information Committee”, now including the Chief Executive Officer-Director General and Chief Financial Officer of Rai Way, which, after consultation with the Chairman of the Board of Directors and the relevant business structures:
  - (i) assesses the relevance of any set of circumstances or events directly or indirectly related to Rai Way, any of its subsidiaries, or any financial instruments issued by Rai Way, for purposes of determining if information qualifies as “inside”; and
  - (ii) decides whether to alert the market or else delay disclosure of the information, in compliance with the conditions established in the applicable regulations and the Inside Information Policy.

If the relevant events are in relation to resolutions of the Board of Directors, it is the Board that makes the above decisions.



## **6. BOARD COMMITTEES (EX ART. 123-BIS, PARAGRAPH 2, LETTER D) OF TUF)**

In compliance with the Self-Regulatory Code ( now known as the Corporate Governance Code), which recommends that listed companies should set up committees within the Board of Directors with responsibility for specific matters, Art. 24 of the Articles of Association empowers the Board of Directors to set up internal committees made up of members of the Board itself, with advisory and/or proposal-making functions, determining the number of members of such committees and the functions assigned to them.

For streamline and efficiency purposes of the governance structure, the Company has deemed it appropriate to implement the option allowed by the Corporate Governance Code to merge the functions of the Appointments Committee and the Remuneration Committee into a single committee, complying with the conditions laid down in this regard by the Corporate Governance Code, as better explained in Section 7 below.

The Board committees shall have access to all information and departments necessary for them to perform their respective tasks. The members may also hire external consultants at the Company's expense, without exceeding the budget approved by the Board of Directors. The committees set up within the Board of Directors, as existing during the 2020 financial year, are described below, in compliance with the Board Regulation (containing provisions on their composition, competences and functioning) in force at that time.

These Committees were the Control and Risk Committee (specifying that during the 2021 financial year and on occasion of the adoption of the Corporate Governance Code, this Committee was named the Control and Risk and Sustainability Committee, this name therefore being in force at the date of this Report) and the Remuneration and Appointments Committee. The first of these Committees has acted and continues to act as the Committee for Related Party Transactions pursuant to Consob Regulation 17221 of 12 March 2010 and the Procedure for Related Party Transactions adopted by the Company.

These Committees were composed, at the date of this Report and in compliance with the provisions of Art. 16 of the Market Regulation, of three non-executive and independent directors, including a Chairman appointed by the Board of Directors. At least one of the members of each committee has adequate experience in accounting and finance or risk management and/or, with regard to the Remuneration and Appointments Committee, in remuneration policies, assessed as such by the Board of Directors at the time of appointment.

The Committees meet at 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/video conference, 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 and/or by the Directors or Statutory Auditors. The Committees have budgets which can be increased for specific needs.

## 7. REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee (for the purposes of this Section, also known as the “**Committee**”), availing itself of the option provided under the Code, has merged into a single committee the investigative and proposing functions of the Appointments Committee and the Remuneration Committee, as provided for by the Corporate Governance Code.

### *7.1. Composition, activities and functioning of the Committee.*

The Members of the Remuneration and Appointments Committee in office during the 2020 financial year, initially were: Anna Gatti (as Chairman until 21 April 2020, date of her resignation as Company CEO), Joyce Victoria Bigio (until the Shareholders’ meeting of 24 June 2021, since the previous 6 May acting as Chairman of the Committee in place of Anna Gatti) and Umberto Mosetti, and then, starting from 24 June 2020, following the reappointment of the Board of Directors, in addition to Umberto Mosetti, Riccardo Delleani, as Chairman and Annalisa Raffaella Donesana.

As noted and consistent with Art. 16 of the Market Regulation, since Rai Way is under the management and coordination of Rai, this Committee always comprised Independent Directors only pursuant to Corporate Governance Code (and Art. 148, paragraph 3 of the Consolidated Law on Finance (TUF)).

All members of the Remuneration and Appointments Committee were assessed as having sufficient knowledge and expertise in accounting and finance and/or in remuneration 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 Chair of the Committee leaves office, when appointing that person’s replacement, the Board of Directors will also designate the new Chair.

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.

Committee meetings are called by the Chair, whenever he or she sees fit, or at the request of another member. As a rule, the notice of call is sent 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. 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 (or any part thereof) at which proposals to the Board of Directors regarding the specific remuneration of Board members are reviewed or formulated.

The Chair of the Committee reports on Committee meetings at the first subsequent Board of Directors' meeting, and where appropriate, also reports periodically to the Board on the Committee's work. During the annual Shareholders' Meeting of the Company, the Committee (through its Chairman or other members of the Committee) reports on the methods for performing its functions.

Eleven Committee Meetings were held in 2020, with a total average of 1.40 hours (including n. 6 meetings of the Committee in office until the Shareholders' Meeting of 24 June 2020, and n. 5 meetings for the Committee in office after said Shareholders' Meeting).

One or more members of the Board of Statutory Auditors have always attended these meetings as duly recorded in the minutes.

With reference to the functions relating to remuneration and without prejudice to what is indicated and referred to in Section 8 below, the Committee has, in particular, after the relevant analyses, defined the proposals to the Board on the remuneration policy and, after their approval by the Board, monitored the implementation of the same by carrying out checks and in-depth analyses in this respect and in particular on the achievement of the performance objectives set with regard to the variable part of the remuneration of the Chief Executive Officer and Director General and the remaining key management personnel. In particular, after the Shareholders' Meeting of 24 June 2020, the Committee carried out specific preliminary analyses, developing some analyses carried out by the Committee previously in office, in relation to the structuring of a proposal for a long-term Incentive Plan based on the Company's shares, which was finalised and submitted in its final version to the Board of Directors - after having previously informed the latter about the ongoing process - during the Board meeting held to approve this Report.

During 2020 and with reference to the functions concerning appointments, the Committee monitored the process aimed at formulating the guidelines given by the Board of Directors to the Shareholders on the qualitative and quantitative composition of the Board in view of its renewal, which took place with the Shareholders' Meeting on 24 June 2020. After the General Meeting and in its new composition mentioned above, the Committee examined the Contingency Plan already adopted during the previous term of office and did not make any observations.

With regard to the percentage of attendance at meetings by individual members of the Committee, reference is made, as already indicated, to TABLE 2 attached to this Report.

In 2021, as at the date of this Report, three Committee meetings were held on topics related to remunerations and in particular on the conclusive verifications on the level of achievement of the objectives set forth in relation to the variable portions of the remunerations for 2020 of the CEO and General Manager, and as provided regarding executives with strategic responsibilities reporting to the latter, as well as on the preliminary investigation regarding proposals for a remuneration policy for the year 2021 and, as indicated above, in particular, a long-term Incentive Plan.

In the performance of their duties, the Committee has the right to access the necessary business information and functions, as well as to avail themselves of external advisers for the performance of their duties, within the limits of the budget they have been allocated.

The Board has assigned to the Remuneration and Appointments Committee a budget of € 50,000 for the fulfilment of the respective duties (which may be supplemented, as provided for by the Board Regulations, to meet specific needs).

## 8. REMUNERATION OF DIRECTORS

For information on the general remuneration of executive and non-executive directors, as well as managers with strategic responsibilities, including the Executive in charge in the 2020 financial year, and on the indemnities of directors in the event of resignation, dismissal or termination of the relationship following a takeover bid, please refer to the first section of the Report on Rai Way's remuneration policy and remuneration paid pursuant to Art. 123-ter of the TUF, made available to the public in accordance with the terms and methods provided for by the applicable laws and regulations, including through publication on the Company's website Corporate Governance/Shareholders' Meeting/Extraordinary and Ordinary Shareholders' Meeting 2020). This policy is consistent, *inter alia*, with the Corporate Governance Code, with the details indicated in the above-mentioned Report.

It should also be noted that (i) there were no agreements between the Company and some of the Directors that provide for indemnities, also of an insurance nature, in the case of resignation or termination with no just cause or if the work relationship terminates following a takeover, and that (ii) the structure of the variable portions of the remunerations set forth for the Chief Executive Officer-Director General and the additional key management personnel, contemplates also the so-called "Claw back" clauses.

The following table indicates where information on the above aspects can be found in the aforementioned Remuneration Report in relation to the policy for 2020.

<b>Information recommended by the Corporate Governance Code</b>	<b>Relevant part(s) of the Remuneration Report</b>
General remuneration policy (Principle 6.P.4 of the Corporate Governance Code)	Section I
Share-based remuneration plans (Criterion 6.C.2 of the Corporate Governance Code)	N/A <sup>(3)</sup>
Remuneration of executive directors (Principle 6.P.2 of the Corporate Governance Code)	Section I
Remuneration of key management personnel (Principle 6.P.2 of the Corporate Governance Code)	Section I
Incentive plans for the Manager in charge of preparing the corporate accounting documents (Criterion 6.C.3 of the Corporate Governance Code)	Section I
Remuneration of non-executive Directors	Section I
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)

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<sup>(3)</sup> Not resolved in 2020, but expected to be adopted after a proposal to the Shareholders' Meeting; therefore, a proposal was made in 2021 to the Shareholders' Meeting, which is also called upon to approve the 2020 Financial Statements.

Reference should also be made, for information on the application of the remuneration policy for the 2020 financial year, to the second section of the Report on the remuneration policy and the remuneration paid by the Company pursuant to Art. 123-*ter* of the TUF (which is expected to be made available to the public within the terms and according to the procedures established by the applicable legal and regulatory provisions, including publication on the Company's website [www.raiway.it](http://www.raiway.it) under the section Corporate Governance/Shareholders' Meeting/Meetings/Extraordinary and Ordinary Meeting 2021). Reference should be made to the first section of the latter Report with regard to the planned remuneration policy for the year 2021 including the proposal to the Shareholders' Meeting for the adoption of a long-term share-based incentive plan.

## **9. CONTROL AND RISK COMMITTEE (now CONTROL AND RISK AND SUSTAINABILITY COMMITTEE)**

The Board of Directors has set up an internal Control and Risk Committee, existing in the 2020 financial year that, as indicated above (see Section 6 of the Report), during 2021, as at the date of this Report, it was renamed Control and Risk and Sustainability Committee.

The purpose of the Control and Risks Committee (for the purposes of Section 9 referred to as the “Committee”), 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 Procedure.

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

### ***9.1. Composition and functioning of the Control and Risks Committee (ex Art. 123-bis, paragraph 2, letter d) of TUF).***

In compliance with the recommendations of the Corporate Governance Code, during 2020 the Committee operated - supporting the Board of Directors - with informative, advisory, proposing and investigative functions in the definition, based on a risk-oriented approach, of the guidelines of the overall internal control system, and in the assessment of its effectiveness and efficiency, so that the main risks are correctly identified, as well as adequately measured, managed and monitored, without prejudice to the responsibility of the Board of Directors to take all decisions on the matter. The Committee’s mission has always included assessing the appropriateness of the accounting principles used in preparing the financial statements and overseeing the effectiveness of the audit process and the work of the independent auditors, as well as transactions with related parties.

Without prejudice to additional specific duties envisaged in the Corporate Governance Code, in 2020 the Committee was 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 describing 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 Audit Function, checking compliance and monitoring the adequacy, effectiveness and efficiency of the above-mentioned Audit Function;
- c) reviewing periodic reports and audit reports produced by the Audit Function, and evaluating any findings, following any actions taken to remedy deficiencies/anomalies identified, as well as implementing the proposed corrective measures, and adopting the recommendations made, if any;
- d) assessing the adequacy of accounting standards used and their uniformity for preparing the financial statements, in conjunction with the Manager in charge of preparing the corporate accounting documents and the independent auditors;

- e) examining the process for preparing the quarterly and half-yearly financial reports as well as the annual financial statements, based on reports by the heads of the relevant function;
- f) reviewing, notwithstanding the duties assigned by law to the Board of Statutory Auditors, if necessary, the proposals submitted by the independent auditors for obtaining the assignment of the external auditing, including the proposed fees;
- 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 independent auditors at least once a year;
- i) examining the reports received from the Board of Statutory Auditors, the Supervisory Body pursuant to Legislative Decree 231/2001, assess the findings and ensure that any abnormal situations and shortcomings reported are overcome;
- j) requesting, if necessary, the Audit 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 purposes of describing the main features of the Internal Control and Risk Management System, and evaluating its adequacy;

Furthermore, in accordance with the Related Party 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 transactions 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.

The Board of Directors, appointed by the Shareholders' Meeting held on 24 June 2020, established the new composition of the Committee for the remainder of 2020 and also in office as of the date of this Report.

The members of the Committee serving in office during the 2020 financial year and until the above mentioned Meeting were: Paola Tagliavini, Chairman, Fabio Colasanti and Donatella Sciuto while, as from the Shareholders' Meeting of 24 June 2020 (at the date of this Report, the Committee was composed of Paola Tagliavini, Chairman, Barbara Morgante and



Donatella Sciuto.

Consistently with the provisions of Art. 16 of the Market Regulation - Rai Way being subject to Rai's management and coordination - the aforementioned Committee was entirely made up of independent directors pursuant to Art. 3 of the Self-Discipline Code, as well as Art. 148, paragraph 3, of the TUF, as it is as of the date of this Report (recalling that the members, as already indicated, were subject to a positive evaluation of independence also according to the new edition of the Self-Discipline Code, called Corporate Governance Code).

All members of the Control and Risks Committee were assessed as having sufficient knowledge and expertise 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 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 call 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/video conference, 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.

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 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 Manager in charge of preparing the Company's financial reports, the Head of the Audit Function and the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the latter (as a general rule, all members of the Board of Statutory Auditors are invited to attend); Company directors and managers may also be invited to attend for specific issues. The Chairman of the Board of Directors and the Chief Executive Officer of the Company also have the right to attend.

In the performance of its duties, the Committee may rely on adequate financial resources to carry out its tasks, within the limits of the budget approved annually by the Board of Directors.

The Board Regulations, consistent with the Related Party 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 Chairman of the Board of Directors and the Committee Chair and abstain from attending Committee sessions concerning the transaction in question.

In this case the Chairman 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 Chairman 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 of all of the members. The Chairman of the Board of Directors, having consulted the Chief Executive Officer to assess the impracticability of the transaction, shall immediately reconstitute the presence on the Committee of the independent directors in the number established in the composition of said Committee, following the same procedure provided for the temporary replacement in case of conflict of interest (appointing the replacement(s) from among the independent members of the Board of Directors). This also applies if the majority shortfall is caused by the resignation of a Committee member.

During the year ended 31 December 2020, eleven meetings of the Committee were held, with an overall average duration of 1.57 hours (of which n. 6 meetings of the Committee in office until the Shareholders' Meeting of 24 June 2020, and n. 5 meetings, for the Committee in office after the aforementioned Shareholders' Meeting), recorded in the minutes, in which one or more members of the Board of Statutory Auditors have always taken part (the Chairman of the Board of Directors, the Chief Executive Officer, the Director in charge of preparing the corporate documents, the Audit Department Manager, and other Company Directors took part in some of these meetings); the Independent Auditors and the Supervisory Body Chairman as well as Corporate consultants were invited and attended some of the meetings. The Committee carried out the investigation, and, in particular, examined the proposed Internal Control and Risk Management System (ICRMS) guidelines, assessed the annual audit plan, and related updates, prepared by the Audit Manager (thus monitoring its execution and examining the Manager's Audit Reports and periodic reports), as well as the implementation of the planned corrective measures, and the remuneration of the Audit Manager and the budgets/resources of the Audit Function, examined the process of preparation of the economic-financial documents for the period (assessing the adequacy of the accounting principles used by the Company together with the Manager in charge of preparing the financial reports and the auditing firm and obtaining information on the work plans of the latter) and, from the point of view of risk management, the planned corporate budget. The Committee also reviewed some audit procedures of the Company and carried out in-depth analysis on social and environmental activities and the corresponding reporting, reviewing in advance the "Individual Non-Financial Disclosure" (so-called Sustainability Report), as well as the relevant profiles envisaged in the 2020-2023 Business Plan approved

during the year. The Committee also verified the corporate management control system, in particular in relation to business risks and the related risk management activities, in addition to reviewing the structure of the organizational area under the Chief Financial Officer and the Manager in charge of preparing the corporate documents, also in reference to risk management activities. The Committee, taking into account the information provided by the Manager of the Audit Function and the regular Report of the Supervisory Board, issued a positive opinion on the substantial overall adequacy of ICRMS. Furthermore, the Committee carried out activities inherent to the functions assigned to it by the Related Parties Procedure, as set out in Section 11 below of this Report, with reference to the prior examination of certain transactions (all qualified as “of minor importance” pursuant to the above-mentioned Procedure), issuing, on the basis of the relevant checks carried out, a prior favorable opinion, pursuant to the above-mentioned Procedure, on the interest for the Company in carrying out the transaction in question as well as on the appropriateness and substantial correctness of the conditions envisaged.

With regard to the percentage of attendance at meetings by individual members of the Committee, reference should be made to TABLE 2 attached to this report.

During 2021, and at the date of this Report, three meetings of the Committee were held (which, as indicated above, took on the name of “Control and Risk and Sustainability Committee” and operated in accordance with the provisions of the Corporate Governance Code). During these meetings, the Committee, for the purposes of the preliminary activity inherent to the ICRMS, in particular and in addition to updates concerning recent audit activities and the implementation of the actions envisaged following the audits already performed, examined the proposed ICRMS guidelines (also in relation to what are considered to be the main risks inherent in the company’s activities with a focus also on the risks with respect to sustainability objectives) and assessed the envisaged Annual Audit Plan for 2021 prepared by the Audit Function Manager, examined the process for the formation of the draft Financial Statements at 31 December 2020 and the “Individual Non-Financial Statement” - drafted in compliance with Legislative Decree 254/2016 and in accordance with the GRI Standards (“in Accordance Core” option) issued by the Global Reporting Initiative on non-financial reporting - also taking information about the respective verification process by the appointed auditing firm. With regard to sustainability, the Committee also examined the envisaged additional corporate policies and plan with respect to consistency with the provisions of the Company’s 2020-2023 Industrial Plan, with particular regard to the envisaged main areas of intervention, i.e., environment, social, governance and with respect to innovation profiles; policies and plans that were, therefore, approved by the Board of Directors on the same date as the approval of this Report. With regard to the Company’s activities and objectives concerning sustainability issues - both with reference to the 2020 financial year and other information on the objectives contemplated (also with a view to the further development of some policies and initiatives already implemented by the Company) - reference should be made to the related information contained in the “Individual non-financial statement” prepared pursuant to Legislative Decree 254/2016 (which is expected to be made available to the public within the terms and in the manner set out by the applicable legal and regulatory provisions, including by means of publication on the website [www.raiway.it](http://www.raiway.it), under the section Corporate Governance/Shareholders’ Meeting/Meetings/Extraordinary and Ordinary Meeting 2021). The Committee also examined, to the extent of its competence, a proposed new edition of the Model pursuant to Legislative Decree 231/2001 and the Company’s Code of Ethics, with respect to which reference should be made to Sections 10.5 and 10.6 below of this Report.

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In the performance of their duties, the Committee has the right to access the necessary business information and functions, as well as to avail themselves of external advisers 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 to the Control and Risks Committee to carry out its duties (which may be supplemented, as provided for by the Board Regulations, to meet specific needs).

## 10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

### 10.1. Introduction

With regard to the 2020 financial year, the Company has adopted, in line with the Corporate Governance Code, an internal control and risk management system - understood as a set of policies, procedures and organizational structures - which seeks to contribute to sound and proper company management, consistent with the predetermined objectives, by identifying, measuring, managing and monitoring the main risks.

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

The Internal Control and Risk Management System (ICRMS) of Rai Way consists of the tools, business rules and regulations - that the Company has adopted and is further developing - aimed at ensuring sound, fair and transparent management, consistent with the pre-set objectives defined by the Board of Directors, through a suitable process of identification, measurement, management and monitoring of the main risks, including in the valuation of all risks that may become relevant in terms of sustainability in the medium- long term of the Company's activities, as well as through the structuring of adequate information flows designed to guarantee the circulation of information.

Rai Way's ICRMS 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 maintenance 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 <sup>(4)</sup>, which represents the internationally accepted framework for integrated functioning, 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. Control environment, which represents a key element and the core component of the ICRMS, providing ethical values and organizational principles. Rai Way has equipped itself with suitable instruments, such as the adoption of the Code of Ethics, the Model pursuant to Legislative Decree. 231/2001, of the measures regarding the prevention of corruption with regard to the cases contemplated by Law 190 of 6 November 2012 (envisaged, from the end of January 2019, in a specific Policy containing supplementary measures of the Model pursuant to Legislative Decree 231/2001 as indicated in Section 10.7 below), an organizational structure, a system of proxies and functional powers of

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<sup>(4)</sup> CoSO - Committee of Sponsoring Organizations of the Treadway Commission (2017), Internal Control, Integrated Framework.

attorney to a correct and transparent management and representation of the company, as well as mechanisms for the professional development of personnel.

2. Risk assessment and management, which consists of identifying and analysing factors that may jeopardise the achievement of objectives and determining how these risks are to be managed. Rai Way's risk management system is aimed at directing the achievement of corporate objectives, ensuring the reliability and integrity of financial and non-financial reporting, preserving the integrity of corporate assets and ensuring compliance with laws and regulations. The risks must be identified and managed by the heads of the various business functions, with the support of the enterprise risk management function. The risk management process is integrated with the planning, including strategic, budgeting and management control processes.
3. 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/authorization of transactions, audits, monitoring, analysing operational performance and the mechanisms for protecting corporate assets, (general and specific).
4. Information and communication, which must be identified, reported and disseminated in a timely and appropriate manner to allow the various corporate functions to carry out their responsibilities and mission. The business information systems process information relating to financial and operational aspects, making it possible to manage and monitor the company. Through the use of suitable information and awareness-raising tools, effective communication shall be carried out downwards, upwards and across the Rai Way's organizational structure, which helps increase the awareness of Rai Way management and personnel on the importance of an effective and efficient ICRMS and on their own role within the same.
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 Audit function carries out periodic monitoring through specific assessments 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 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 company's Key Performance Indicators (“**KPI**”) and risk factors;
- 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 organization 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 using gap analyses.

The Board of Directors expressed its assessment of the substantial adequacy and effectiveness of the ICRMS, with respect to the characteristics of the company and the risk profile assumed, with reference to the 2020 financial year, following a positive indication by the Control and Risk Committee (hereinafter also referred to as the "Committee"), referred to as the Control and Risk and Sustainability Committee as already stated in 2021. During 2020, a financial risk management policy previously approved by the Board of Directors remained in effect, which defines the approach and procedures aimed at minimising financial risks, with the ultimate objective of protecting the value of the business.

## ***10.2. Description of the main characteristics of existing risk management and internal control systems used in relation to the financial reporting process***

In relation to the financial reporting process, the ICRMS contains a set of administrative and accounting procedures and a system for monitoring and assessing the suitability and effective application of these procedures. These procedures are updated/supplemented for organizational changes or improvement areas that have been identified.

In relation to the financial reporting, the purpose of the ICRMS is to ensure the creditability<sup>(5)</sup>, accuracy<sup>(6)</sup>, reliability<sup>(7)</sup> and timeliness<sup>(8)</sup> of the financial information.

Specific tasks relating to financial reporting are assigned to the Manager in charge of preparing the corporate documents, for which reference should be made to Section 10.3.6 of this Report.

The ICRMS is characterized by:

- formation of separate control bodies and functions (Board of Directors, Control and Risks Committee, Appointed Director, Board of Statutory Auditors, Manager in charge of preparing the corporate documents, Manager of the Audit Function) assigning to each of them specific tasks within the ICRMS, as fully described in Section 10.3 of the Report;

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<sup>(5)</sup> Creditability (of the information): information that has the characteristics of fairness and conformity with generally accepted accounting principles and meets the requirements of the laws and regulations applied.

<sup>(6)</sup> Accuracy (of the information): information which has the characteristics of neutrality and accuracy. 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.

<sup>(7)</sup> Reliability (of the 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 being excessive and redundant.

<sup>(8)</sup> Timeliness (of the information): information which complies with deadlines established for its disclosure.

- the definition of adequate information flows between the various parties 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 competence.

The ICRMS must allow corporate officers to obtain, regularly and promptly, a sufficiently complete picture of the Company's profits and losses and financial situation and make it possible to: (i) monitor the Company's Key Performance Indicators and risk factors; (ii) produce data and information, with special reference to financial data, based on adequate analysis of the type of business, the complexity of the organization 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 business objectives through gap analyses.

(A) Stages of the existing Risk Management and Internal Control System in relation to the financial reporting process

*Identification and assessment of financial reporting risks*

The ICRMS for 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 business 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 organization, 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, authorization 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 supervised by the Manager in charge of preparing the corporate documents, 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 Audit Department 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 continuous updating of the ICRMS.



The components of the ICRMS described in Section 10.1 above of the Report are coordinated and interdependent and the system, as a whole, involves the administrative bodies, control bodies, management and all internal and external staff at Rai Way, with different roles and based on collaboration and coordination procedures.

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 control level: identification, assessment, management and monitoring of risks under their authority to then identify and implement specific actions to deal with them;
- (ii) Second control level: monitoring the effective management of risks by the first level control 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 control level: provides independent and objective assurance on the adequacy and operational effectiveness of first and second control levels and the entire ICRMS as a whole.

The First and Second-level controls structure is 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 and Enterprise Risk Management.

The third control level is guaranteed by the Company's Audit department, which performs audits applying a risk-based approach of the ICRMS as a whole.

With reference to the Second Level of Control, in the 2020 financial year, the organizational function, reporting to the Chief Financial Officer, which is responsible for implementing, managing and maintaining the Company's integrated Enterprise Risk Management model, aimed at supporting the corporate structures in identifying and assessing risks and defining possible response actions, always performed. In this regard, in addition to a general monitoring and updating of risk mapping and assessment, particular attention and in-depth analysis activities were carried out during the year 2020 on the analysis and assessment of risks in relation to the Company's 2020-2023 Industrial Plan, as well as those related to sustainability issues.

### ***10.3. Bodies and Functions within the ICRMS***

#### **10.3.1. Board of Directors and Control and Risks Committee**

The Board of Directors shall be responsible for the ICRMS, providing strategic guidance and evaluation on the overall adequacy of the system. With reference to the 2020 financial year, the System was presided by the following, in line with the provisions of the Corporate Governance Code:

- the Appointed Director, responsible for establishing and maintaining an effective ICRMS;
- a Control and Risk Committee, made up, as indicated, exclusively of Independent Directors, with the task of supporting, by means of an adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the ICRMS, as well as those relating to the approval of periodic financial reports (*see* Sections 6 and 9 of the Report);

and with regard to the Board of Directors, it has always been envisaged that the latter, subject to the favorable opinion of the Control and Risk Committee:

- a. define the ICRMS guidelines, evaluating, at least annually, its adequacy in respect to the characteristics of the business and its risk profile, as well as its effectiveness; the Appointed Director is entrusted with the task of establishing and maintaining an effective ICRMS;
- b. appoint or dismiss, on the proposal of the CEO (as Appointed Director) together and in agreement with the Chairman of the Board of Directors, with input from Board of Statutory Auditors, the Manager of the Audit Function, entrusted with the task of verifying the functioning and adequacy of the ICRMS and ensuring that the Internal Audit 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 Manager of the Audit Function, having received the favorable opinion of the Control and Risks 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 an assessment on its overall adequacy.

In 2020, the aforesaid powers and functions continued to be undertaken by the Board of Directors, which carried out the activities contemplated therein, including defining the ICRMS guidelines and approving the work plan developed by the Manager of the Audit Function. Also in accordance with the Corporate Governance Code, the Control and Risk Committee, in assisting the Board of Directors and supporting it with an adequate preliminary activity (also in relation to the management of risks deriving from prejudicial facts of which the Board has become aware):

- (i) assesses, together with the Manager in charge of preparing the corporate documents and with input from the independent auditors and the Board of Statutory Auditors, the correct application of the accounting standards;
- (ii) expresses opinions on specific aspects relating to the identification of the main business risks;
- (iii) reviews the periodic reports of the Audit Function concerning the assessment of the ICRMS as well as the other significant reports;

- (iv) monitors the independence, adequacy, efficiency and effectiveness of the Audit function;
- (v) may ask the Audit Function to carry out reviews of specific operational areas, giving simultaneous notice to the Chairman of the Board of Statutory Auditors;
- (vi) reports 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) issues preliminary opinions and prepares any proposals on the definition/updating of the ICRMS guidelines;
- (viii) issues favorable opinions on the proposal of the CEO (as Appointed Director) in agreement with the Chairman of the Board of Directors concerning the appointment and dismissal of the Internal Audit Manager and the remuneration of this;
- (ix) receives 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) issues preliminary opinions on the description, as part of the annual corporate governance report, of the main characteristics of the ICRMS, expressing an evaluation of its suitability.

### **10.3.2. Appointed Director responsible for the Internal Control and Risk Management System**

The Company's Board of Directors has appointed the CEO, Aldo Mancino, as Appointed Director, in office also for the entire 2020 financial year, as of the date of this Report.

In accordance with the Corporate Governance Code, it was provided that this Appointed Director:

- a. identifies the main business risks, taking into account the characteristics of the activities carried out by the Company, and submits them periodically to the review of the Board of Directors;
- b. implements the guidelines defined by the Board of Directors, handling the planning, implementation and management of the internal control and risk system, and constantly monitors its adequacy and effectiveness;
- c. adjusts the ICRMS to the dynamics of the operating conditions and the legislative and regulatory framework;
- d. has the power to ask the Audit function to carry out reviews of specific operational areas and on the compliance of business operations with internal rules and procedures, giving simultaneous notice to the Chairman of the Board of Directors, the Chairman of Control and Risks Committee and the Chairman of the Board of Statutory Auditors;

- e. promptly reports to the Control and Risks Committee (or to the Board of Directors) issues and problems that resulted from his activity or of which he became aware in order for the Control and Risks Committee (or the Board of Directors) to take appropriate actions;
- f. submits to the Board of Directors, in agreement with the Chairman, proposals relating to the composition, and any changes thereof, of the Supervisory Board;
- g. submits to the Board of Directors, together and in agreement with the Chairman, proposals for the appointment or dismissal of the Manager in charge of preparing the corporate documents and the Manager of the Audit Function;
- h. assesses and shares, at least annually, the audit plan prepared by the Manager of the Audit Function and approved by the Board of Directors;
- i. receives 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. assesses and shares the half-yearly and annual evaluation of the Manager in charge of preparing the corporate documents.

### **10.3.3. 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 Risks Committee meetings.

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

### **10.3.4. Manager of the Audit Department**

During the 2020 financial year, the position of Audit Department Manager was fulfilled by Angela Pace, following the appointment previously made by the Rai Way Board of Directors, on the proposal of the Director in charge and subject to the favorable opinion of the Control and Risk Committee, having consulted the Board of Statutory Auditors. During the 2020 financial year, Angela Pace also acted as the “Contact Person for Anti-Bribery Measures” provided for by the Anti-Bribery Policy adopted by the Company (as indicated in detail in Section 10.7 below).

The appointment as Manager of the Audit Department is granted for an indefinite period of time, unless otherwise resolved by the Board.

It should be noted that, with effect from 1 March 2021, the previous Manager having left the Company, and following the relevant resolution of the Board of Directors - on the proposal of the Director in charge, previously shared with the Chairman of the Board of Directors, after hearing the opinion of the Control and Risk Committee and the Sustainability Committee and after hearing the opinion of the Board of Statutory Auditors - management of the Company's Audit Department was entrusted to Maria Cristina Brotzu.

With regard to the 2020 financial year, in compliance with Interpretative Criterion 7.C.5 of the Corporate Governance Code, it is provided that the Audit Department Manager shall:

- a. verifies, 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. This plan must be based on a structured analysis and ranking of the main risks;
- b. not be responsible for any operational area;
- c. has direct access to all useful information for the performance of his/her duties;
- d. drafts periodic reports containing adequate information on his/her activities, the risk management process, as well as compliance with the management plans defined for risk mitigation;
- e. prepares timely reports on particularly significant events;
- f. submits 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. verifies the reliability of information systems, within the scope of the Audit Plan, including the financial reporting system;

The Audit Department Manager is hierarchically subordinate to the Board of Directors and, on its behalf, to the Chairman, without prejudice to the functional dependence on the Control and Risk Committee and on the Director in charge, in the terms indicated above.

The Board of Directors determines the structure and definition of the remuneration of the Head of the Audit Function, in line with corporate policies, following a proposal by the Chief Executive Officer (in his capacity as Appointed Director) in conjunction and in agreement with the Chairman of the Board of Directors, subject to the favorable opinion of the Control and Risk Committee, and after consulting the Board of Statutory Auditors.

The Board of Directors, on the Chief Executive Officer's proposal in his capacity as Appointed Director, subject to a positive assessment by the Control and Risk Committee and after consulting the Board of Statutory Auditors, approves the Audit budget as part of the corporate budgeting process, ensuring that the Audit Department Manager has adequate resources to fulfil the assigned duties.

For 2020, the Board has assigned a budget of €43,000 to the Audit Department Manager to carry out the relevant activities.

As mentioned above, the Audit Department Manager, in addition to not performing any operational activities, is not authorised to:

- (i) initiate or approve operations, transactions or accounting records, except for those pertaining to the Audit function;
- (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 Audit function.

### **10.3.5. *Audit***

In line with the “Standards for the Professional Practice of Internal Audit”, issued by the Institute of Internal Auditors, the Audit function is entrusted with the task of providing an independent and objective “assurance” activity aimed at promoting actions to improve the efficiency and effectiveness of the internal control and risk management system and company organization. The Audit helps the organization achieve its objectives through a systematic professional approach, which generates added value as it is aimed at evaluating and improving the control, risk management and corporate governance processes <sup>(9)</sup>.

The following are considered the main Audit tasks:

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

Finally, Audit is expected to report to the Chairman of the Board of Directors and to the Chief Executive Officer as Appointed Director, to the Control and Risk Committee, to the Board of Statutory Auditors, for any relevant risk areas pursuant to Legislative Decree 231/2001, and to the Supervisory Board on the activity carried out and its results.

With reference to the prevention and identification of any irregularities, the Audit’s responsibilities consist in conducting audits, identifying and assessing the ICRMS adopted for the process/activity under review, and analysing the results obtained in a professional manner.

Responsibility for the proper design and effective operation of the ICRMS over time, for defining business and process objectives, for preventing and detecting irregularities, and for

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<sup>(9)</sup> Definition approved by the Board of Directors of the Institute of Internal Auditors on 26 June 1999 and implemented by the current International Standards of Internal Auditing.

ensuring that risk management methods correspond to the defined control plans falls to management.

Furthermore, the Audit function:

- (i) based on the principles and criteria defined, organizes and supervises the systematic collection of data, information and the assessments required for creating and updating the Audit Plan proposal;
- (ii) for Audit operations purposes and where applicable, verifies compliance with the conduct and control protocols set forth in Model 231, reporting to the Supervisory Board on audit results;
- (iii) monitors the implementation of corrective actions by obtaining statements and evidence from management (documentary follow-up) and/or through operational audits of their effective implementation (on-site follow-up) in case of critical problem areas (ratings).

The actions carried out by Audit are planned on the basis of an annual Audit Plan, approved by the Board of Directors, subject to the favorable opinion of the Control and Risk Committee, after consulting the Board of Auditors and following the proposal of the Appointed Director.

The Plan is drawn up according to a “top-down/risk-based” procedure.

In addition to these interventions, Audit also carries out interventions (so-called (“Spot-check” audits) not provided in the Audit Plan based on requests received from the Company’s Chairman of the Board of Directors, the Chief Executive Officer and Appointed Director, the Control and Risks Committee, the Board of Statutory Auditors, or the Supervisory Board.

In 2020, the Audit Department Manager, Angela Pace, performed her duties in implementation of these assigned functions, which were not amended during the year, in particular based on the implementation of the work scheduled in the Audit Plan for the year.

#### **10.3.6. Manager in charge**

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 expiration - a Manager in charge of preparing the corporate documents, to whom it grants the powers provided in Art. 154-*bis* of the TUF.

The Manager in charge of preparing the corporate documents is chosen by the Board of Directors from among the Company executives who meet the professional competence requirements, characterized by specific expertise in administration and accounting related issues. Such expertise, to be ascertained by the Board of Directors, must be acquired through work experience in positions of adequate responsibility for a reasonable period of time and in businesses comparable to that of the Company. The Manager in charge of preparing the corporate documents must also meet the integrity requirements provided by prevailing legislation for a statutory office. If the Manager in charge of preparing the corporate

accounting documents no longer meets the integrity requirements, he/she shall be removed from office.

Consistent with the provisions of Art. 154-*bis* of the TUF, the Manager in charge of preparing the corporate documents is responsible for: (i) prepare adequate administrative and accounting procedures for the preparation of the financial statements for the year and, where provided, the consolidated financial statements as well as all other financial communications; (ii) prepare the documents and notices released to the market, and relating to the accounting information, including interim, of the Company, with a written declaration certifying correspondence to the documented results, books and accounting records; (iii) ensure the preparation of the financial statements and, where provided, the consolidated financial statements and quarterly and half-yearly reports; and (iv) within the corresponding areas of authority, represent the Company and, if applicable, its lead group, with respect to the international financial community.

Over the course of the 2020 financial year, the role of Appointed Director was filled by the Company's Chief Financial Officer, Adalberto Pellegrino. This position, most recently granted by the Company's Board of Directors on 28 April 2017, expired following the termination of the Board of Directors with the Shareholders' Meeting held on 24 June 2020. On the same date, the new Board of Directors renewed the appointment of the Manager in charge of Financial Reporting with the same powers and functions as previously assigned. The Chief Financial Officer, also acting as Manager in charge of preparing the corporate documents, is granted the following powers and functions:

- (i) definition of financial and administrative strategies and policies, preparation of the periodic financial reporting and overseeing their implementation;
- (ii) supervising the preparation of the Company's financial statements, as well as any other interim accounting document and related public disclosure, the optimisation of financial and industrial risk management, taxation and shareholding structures, financial planning and control, the acquisition of financial resources, the development and management of financial services to support industrial and commercial activities, the selection of financial advisors, as well as capital market transactions and compliance with regulations on corporate reporting;
- (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 compliance - VAT and income taxes);
- (iv) supervising the drafting and consolidation of plans, budgets and forecasts and is responsible for monitoring the objectives set by them, preparing administrative/financial reports (analysis of variances, preparation of forecasts, management of receipts and payments);
- (v) responsibility for administrative management of general corporate contracts, above all with reference to the payments and collections terms and guarantees provided;
- (vi) oversight of relationships with the national and international financial community;
- (vii) oversight of the management of the functional areas under his/her responsibility relating to the preparation of internal procedures and the optimization of 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 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 activities listed below, within the value limit, per individual transaction or jointly considering other related negotiations, of €500,000.00, including:
  - applying for and taking out loans, credit facilities and similar, with a term of less than 18 months, and negotiation of the respective settlement conditions;
  - investing the company's cash through the following types of financial instruments: current account and bank deposits at sight and at maturity; repurchase agreements and similar instruments with banking and financial counterparties; bonds;
  - subject to agreement with the Chief Executive Officer, entering into contracts for assignment of receivables, factoring and similar contracts, including with the granting of guarantees;
- (x) in addition to the activities described above, executing 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;
  - entering 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;
  - entering into contracts with banks, financial institutions and companies for services connected with financial management, including payment authorizations;
  - arranging guarantees, security deposits and other guarantees relative to contracts and orders, arranging deeds of administration and restitution;
  - arranging 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, concluding payables/receivables set-off agreements and accepting assignments of receivables, factoring and irrevocable payment instructions from suppliers;
  - opening current accounts and overdrafts with Rai and related administration, fixing the settlement conditions;
  - executing power of claiming sums and credit instruments with both private

parties and companies, public and private administrations, issuing discharge receipts;

- opening, administrating, managing, and repaying current accounts and overdrafts in any currency, with banks, post offices and financial institutions; drawing down and paying overdrafts and negotiating the relative settlement conditions;
- effecting the compliance provided by Art. 3 of Law 136/2010;
- granting powers of attorney in connection with the powers granted.

The Manager in charge of preparing the corporate documents carries out the certifications and declarations prescribed for the latter by regulations in effect, where requested, including jointly with delegated bodies. In particular, 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 Manager in charge of preparing the corporate documents 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 internal administrative and accounting 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 recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of July 19, 2002;
- (c) the correspondence of the documents to the results of the books and accounting records;
- (d) the suitability of the documents to give a true and fair view of the Company's assets and liabilities, profit and loss and financial situation;
- (e) for the financial statements, that the report on operations includes a reliable analysis of the trend and result of operations, as well as the situation of the Issuer and of the set of companies included in the consolidation, if any, together with a description of the main risks and uncertainties;
- (f) for the condensed interim financial statements, that the interim management report contains a reliable analysis of the information referred to in paragraph 4 of Art. 154-*ter* of the TUF.

The Manager in charge of preparing the corporate documents, for the purpose of performing the duties established by Art. 154-*bis* of the TUF and other applicable provisions, exercises the following powers:

- (i) free access to all information considered relevant for discharging his/her duties within the Company;
- (ii) attendance at the Board of Directors meetings that provide for discussion on matters falling within his/her authority;
- (iii) to speak to the Board of Directors and Board of Statutory Auditors of the Company;
- (iv) 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;
- (v) participation in the design of information systems that have an impact on the Company's equity and financial position;
- (vi) to use the external audit firm for the mapping and analysis of processes under his/her authority and in the execution phase of specific controls;
- (vii) possibility to use information systems.

Therefore, the Manager in charge of preparing the corporate documents was given the power to prepare, including with help from external consultants, a series of procedures relative (a) to the standardisation of the information flow to the Manager in charge of preparing the corporate accounting documents and (b) formation of financial statements and any other financial communications.

During the 2020 financial year, the powers and functions mentioned above granted to the Chief Financial Officer and Manager in charge of preparing the corporate documents, Adalberto Pellegrino, who arranged to carry out the activities contemplated therein, remained.

#### ***10.4. Coordination methods between parties involved in the internal control and risk management system***

To allow the bodies described in Section 10.3 above to perform their duties within the ICRMS, specific information flows have been defined, and will be in place in the 2020 financial year, between the aforementioned three levels of control and the competent bodies, coordinated and adequate in terms of content and timing. All the flows supporting the Board of Directors' assessments of the ICRMS have been channelled to the Control and Risk Committee, which has carried out adequate preliminary investigations, the results of which it reports directly to the Board of Directors in its periodic reports and/or by issuing specific opinions. These flows were also addressed to the Board of Statutory Auditors for the exercise of the tasks attributed to it by the law on ICRMS.

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

As for the inter-relationships between the second and third (Audit) control level functions, they are part of the more general framework of active and constant collaboration, achieving:

- participation, within the scope of the respective roles and following the independence requirement that characterizes the third level control function, in the process of adjusting and strengthening the ICRMS;
- 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 Board and managerial committees or on request;
- participation in work groups, constituted from time to time on subjects related to risk and control issues.

The improvement of the interaction between control functions and the constant updating to the corporate bodies by the same in relation to the activities carried out have the ultimate purpose of establishing a corporate governance that guarantees sound and prudent management also through a more effective risk control at all corporate levels.

With reference to the 2020 financial year, and up to the date of this Report, constant information flows took place both through the information provided by the Control and Risk Committee to the Board of Directors, and through the constant participation of one or more members of the Board of Statutory Auditors in the Committee's meetings or Board meetings, as well as through the Supervisory Body's Reports referred to in Model 231 addressed in particular to the Board and the Board of Statutory Auditors and of which the Control and Risk Committee was also informed. During 2020, both the Control and Risks Committee and the Board of Statutory Auditors also met the Chairman of the Supervisory Board to provide additional information on the activities carried out and planned. Similarly, the Audit Department Manager (also a Supervisory Board member, as well as the Standing Auditor Maria Giovanna Basile) and the Manager in charge of preparing the corporate documents have, in particular, and to the extent of their competence, constantly participated in the Control and Risk Committee meetings and reported to it, as well as directly in various Board of Directors' meetings, in addition to audits. During the 2021 financial year, at the date of this Report, among other things, the Supervisory Board Chairman attended a Control and Risk Committee meeting, also attended by the Board of Statutory Auditors, in particular on the occasion of the Committee's prior examination of the drafts of new editions of Model 231 and the Code of Ethics with a view to include certain updates and clarifications.

### ***10.5. Model according to Legislative Decree 231 of 2001***

The Organization, Management and Control Model adopted by the Company pursuant to Legislative Decree 231/2001 ("**Model 231**") was originally approved by the Board of Directors in December 2006 and subsequently updated, most recently in February 2021, following an update and review project held in the second half of the 2020 financial year.

#### **10.5.1. Basic principles**

Rai Way's Model 231 conforms to:

- the indications in Legislative Decree 231/2001;
- The Confindustria "*Guidelines for the Construction of Organization, Management and Control Models pursuant to Legislative Decree 231/2001*" and, in particular, the components of a preventive control system;
- the Code of Ethics as adopted by the Company;
- the corporate governance model contained therein, as well as principles deriving from belonging to the Rai Group, which the Company has also decided to adopt.

Recipients of Model 231 are identified as people who:

- hold functions of representation, administration or management of the Company or of one of its organizational units or staff areas, or which, although not formally appointed, exercise, even *de facto*, the management and control of the same;
- are subject to the direction or supervision of one of the persons referred to in the previous point (all other employees of the Company working in organizational units and staff areas).

The compliance with Model 231 shall also be imposed on all those who, although not part of the Company, work to achieve Rai Way's aims and objectives (external collaborators, clients/suppliers, partners, etc.).

#### **10.5.2. Structure of the Model 231**

Model 231 in force from January 2020 was structured as follows:

a General Part, mainly bearing:

- the core principles formulated by Legislative Decree no. 231/2001;
- wording of the purposes and scope carried out with adoption of Model 231;
- confirmation of the functions and structure of the Supervisory Board;
- communications toward the Supervisory Board;
- methods for communicating and managing whistle-blowing reports;
- staff training and communication;
- the disciplinary system.

a Special Part bearing:

- the risk assessment approach used and the mapping of corporate areas and processes at risk of commission of the relevant offences pursuant to Legislative Decree 231/2001;
- the Internal Control System adopted by the Company to prevent offenses;
- the general/transversal prevention protocols, applicable to all at-risk business processes;
- for each business area and process at risk:
  - the individual offenses that could be committed with an indication of the possible ways in which they might be committed;
  - the behavioral and organizational controls specific to the prevention and management of risk.

This is the result of an analysis project for Model revision purposes - following a resolution of the Board of Directors, after examination by the Supervisory Board and the Control and Risk Committee, in January 2020 - as well as in relation to an update with respect to relevant regulatory provisions and to the organizational structure of the Company, based on the assumption of a structuring and representation of the envisaged provisions for individual corporate processes at risk (thus indicating, in particular, with respect to each of them, elements and control measures functional to the prevention of relevant offences). Subsequently, again in the course of the 2020 financial year, a further update of the Model took place, in order to update it with respect to the introduction of certain so-called tax offences which entered into the scope of application of Legislative Decree 231/2001. In the second part of the 2020 financial year, analyses and assessments were also carried out in relation to a new updated Model version, in connection with both the introduction of further offences in the above-mentioned area and the introduction of a specific protocol related to emergency situations, leading to the approval in February 2021, by the Board of Directors, after review by the Supervisory Board and the Control and Risk Committee, of a new edition of the Model, updated also with respect to the textual references to the new name of the Corporate Governance Code and the name assumed by the Control and Risk Committee, as indicated above, to Control and Risk and Sustainability Committee (edition in force at the date of this Report).

During the 2020 financial year, protocols and procedures designed to prevent unlawful conduct and aimed at preventing the commission of the offences covered by Legislative Decree 231/2001 remained in force, as an expression of the principle of “effectiveness” of Model 231.

### **10.5.3. Supervisory Board**

In 2020, the Supervisory Board composed as from July 2018 remained in office, i.e.:

- (i) Alberto de Nigro, acting as Chair (an external member who meets the requirements of independence and professional qualifications);
- (ii) Maria Giovanna Basile, Standing Auditor of the Company;

(iii) Angela Pace, Manager of the Company's Audit Department.

It should be noted that during the 2020 financial year, the Supervisory Board held five meetings during which - in addition to having generally monitored regulatory changes, for the purposes of the relevant updates to the Model - it reviewed, prior to submission for Board approval, the above-mentioned revisions of the Model which were then submitted to the Board of Directors. Also during the year, the Supervisory Board examined the information flows provided for under the relevant corporate procedure, analysing them also with the help of the Company's Audit Department, and carrying out some related in-depth analyses. In 2021, the Supervisory Board held two meetings, dedicated, in particular, to the prior analysis, to the extent of its competence, of the drafts of the most recent edition of Model 231 and the Code of Ethics, which were then submitted to the Board of Directors, after also being examined by the Control and Risk Committee (called the Control and Risk and Sustainability Committee in 2021), as well as to the drafting of the Supervisory Board's Report relating to the second half of the 2020 financial year.

#### **10.5.4. In-House Appointees**

Model 231 in force for the whole of 2020 provided for the role of "In-House Appointee", in particular, some of their most significant responsibilities are as follows:

- for transactions related to risk activities, prepare and archive the relevant documents and summarize their content for the Supervisory Board in specific "evidence reports";
- report to the Supervisory Board concerning any anomalies in or violations of Model 231 and any other facts deemed to be relevant;
- help to update the risk prevention system within the scope of their responsibilities.

This role has also been provided for in the new version of the Model approved in 2021, as previously indicated, with tasks equally related, in particular: to the supervision of the performance of the activities falling within its competence, to inform the Supervisory Board with regard to relevant situations concerning the effectiveness and adequacy of the prevention measures provided for in the Model, to support the analysis and updating of possible risks in its area of activity.

#### **10.6. Code of Ethics**

The Company also adopted the Code of Ethics referred to in the Section above 10.5.1 of this Report, which is an integral part of Model 231. The purpose of the Code of Ethics is to define the set of values that the Issuer recognizes, accepts and shares, as well as the responsibilities that it undertakes. 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 the Company or its organizations, are required to follow as defined by applicable laws and regulations. The Code of Ethics remained in force

for all of 2020 and, as mentioned above, was subject in February 2021 - following the related Board of Directors' resolution (after examination by the Control and Risks Committee and the Supervisory Body) - to some updates with the inclusion of some provisions with respect to the indications relating to the duty to refrain from disclosing to the media information connected to the performance of activities at the Company, specifying and extending its application and value, also with regard to the use of the so-called "digital media" (such as blogs, social networks, etc.).

### ***10.7. Anti-corruption Measures***

Taking into account the provisions of Law no. 190/2012, in its original formulation, in January 2015, the Rai Way Board of Directors had adopted a three-year plan for the prevention of corruption, inspired by the principles of the National Anti-corruption Plan, as far as applicable. As a result of regulatory changes and the guidelines issued by A.N.A.C. (in particular with reference to public listed companies), Rai Way has updated the plan annually even in the absence of a legal obligation, that is, on a voluntary basis (the plan was last updated in January 2018). During the 2020 financial year, as at today's date, the Anti-Corruption Policy containing supplementary measures to its Organization, Management and Control Model pursuant to ex Legislative Decree 231/2001 in relation to the cases covered by Law 190/2012 remained in force. It was adopted in 2019 on a voluntary basis by the Company in view of its status as a listed public control company <sup>(10)</sup>. This Policy, which is published on the Company's website, is in line with the corruption prevention plan adopted previously and is increasingly integrated with the other instruments adopted by the Company (Model pursuant to Legislative Decree 231/2001, Code of Ethics), providing, in particular, for the direct involvement of the Supervisory Body, while maintaining internal organizational supervision through the figure of a Contact Person (identified, in 2020, in the person of the Audit Department Manager). The anti-corruption measures Contact Person, with the coordination of the Supervisory Board, verifies the suitability and actual implementation of the anti-corruption measures taken. It should be noted that with effect from 1 March 2021, at the same time as the above-mentioned change in the responsibility of the Company's Audit Function, the role of Contact Person for anti-corruption measures, as provided for in the above-mentioned Policy, was assigned to the Audit Operations Manager, working within the Company's Audit Function (updating the Policy version in relation to this aspect and in relation to certain reference contained therein already).

### ***10.8. Internal Dealing Code of Conduct***

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<sup>(10)</sup> In regard to the application to the Company of the anti-corruption provisions specified by Law 190/2012 and subsequent implementing provisions, we note that the Italian National Anti-corruption Authority ("A.N.A.C.") Guidelines for the implementation of legislation on transparency and prevention of corruption in public companies, issued in November 2017 and in force at the date of this Report, rule out the application of the provisions therein to publicly listed companies. In fact, also based on the opinion of the Council of State, the A.N.A.C. has considered that a further in-depth study be carried out with the Ministry for the Economy and CONSOB. In any case, the 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 A.N.A.C. was suspended for listed companies on 17 June 2015.



During the 2020 financial year, the Code of Conduct on Internal Dealing already approved by the Board of Directors and most recently updated during the 2018 financial year remained in force.

This procedure, aimed at ensuring the prescribed transparency of information towards the market, establishes, in particular, the disclosure and notification obligations incumbent, by virtue of the aforementioned reference legislation, on the so-called “Relevant persons” (*i.e.*, members of management and control bodies and managers with strategic importance) as well as on “persons closely associated” with them, in relation to the possible performance of transactions involving financial instruments issued by the Company or related to them, as well as obligations to abstain, as provided for by the above-mentioned European reference legislation, from performing such transactions in the thirty days preceding the Board’s approval of the economic and financial data for the period. Moreover, it is worth mentioning, for the sake of completeness, the internal dealing obligations established by Italian law for shareholders holding a stake of at least 10% of the Company’s share capital and on any other party controlling the Company, as well as on persons closely associated with them.

### ***10.9. Privileged Information Policy***

See Section 5 of this Report.

### ***10.10. Independent auditors***

The independent auditing firm responsible for auditing the Issuer’s accounts is PricewaterhouseCoopers S.p.A., enrolment no. 43 in the special register of independent auditors of the Ministry for the Economy and Finance in accordance with Art. 161 of the Consolidated Law on Finance (TUF) and no. 119644 in the register of statutory auditors.

By resolution of 4 September 2014, the Shareholders' Meeting, subject to the filing with Borsa Italiana of the application for admission of the Company's shares to trading on the MTA, resolved to amend the independent auditing mandate in place as of that date, transforming it into an appointment pursuant to Articles 14 and 17 of Legislative Decree 39 of 27 January 2010, and extending it to the financial year ending 31 December 2022. Furthermore, the Independent Auditors have been engaged to perform a limited audit of the condensed individual half-yearly financial statements for the six months ending 30 June of the 2015 - 2022 financial years.

## 11. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

On 4 September 2014, in accordance with Art. 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' Regulation and Regulation on Related Party Transactions and considering the indications and clarifications provided by CONSOB in communication DEM/10078683 of 24 September 2010, the Company's Board of Directors voted to adopt the Related Party Procedure, which became effective on the First Trading Day and has been examined and approved by the Control and Risks Committee.

The purpose of the Related Party Procedure published on the Company's website [www.rairway.it](http://www.rairway.it) (under Governance/ Governance System section), is to establish the principle of conduct that Rai Way is required to comply with in order to ensure the proper management of transactions with related parties, as defined therein in accordance with the definition in the Related Parties Regulation. To this end, the Related Party Procedure:

- establishes 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 the organizational units responsible for maintaining said list;
- determines the principles for identifying transactions with Related Parties prior to their conclusion;
- governs the procedures that the Company, including through subsidiaries or other intermediaries, is to follow in carrying out related party transactions and establishes the rules of conduct aimed at ensuring the transparency and the correctness, both in substance and in form, of such transactions; and
- establishes the procedures for meeting related disclosure obligations.

In accordance with the Related Party Procedure, a specific unit, consisting of the Director in charge of preparing the corporate documents, the Head of Legal Affairs and the Company's internal Audit 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 Procedure.

The Related Parties Procedure is subdivided into: *inter alia*, "Major Transactions", "Minor Transactions" and "Transactions Involving Small Amounts".

"Major Transactions" are 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 this party and to the Company, in which at least one of the indicators of significance indicated in Annex 3 to the Related Parties Regulation is exceeded.

"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 and preliminary inquiry phase, receiving complete and detailed information concerning the

“Transactions of Greater Importance”. The Committee may request further information and provide observations to the bodies or entities responsible for conducting the negotiations or preliminary investigation. In order to provide these opinions, the Committee may be assisted by one or more independent experts with 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. With reference to each “Minor Transaction”, the maximum amount of expenditure shall be equal to 0.5% of the transaction value and, in any case, not more than €20,000.00, unless a waiver is granted 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 favorable opinion of the Control and Risks Committee in the interest of the Company upon completion of the transaction and the fairness and appropriateness of the underlying terms and conditions; or
- upon favorable vote of the majority of unrelated directors, i.e. 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 law and the Company’s Articles of Association.

Even in the event of an unfavorable 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 who hold the right to vote in the Shareholders’ Meeting other than the counterparty in a particular transaction and subjects related to both the counterparty in a particular transaction and to the Company, in attendance at the Shareholders’ Meeting represent at least ten percent of share capital with voting rights, whenever the majority of unrelated voting shareholders vote against the transaction. 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” were applied starting on the date after the approval of the financial statements for the second year after the year of listing, in compliance with Article 10 of the Regulation on Related Party Transactions for “recently listed companies”.

“Transactions of Lesser Importance” are 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 at 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. If the transaction with related parties falls within the competence of the Shareholders’ Meeting or has to be authorised by it, the same procedure indicated above shall be complied with, *mutatis mutandis*,

making a distinction according to whether it is a Transaction of Greater Significance or a Transaction of Lesser Significance. 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 Procedure shall not be applied to the related party transactions described below.

Transactions involving small amounts: transactions with related parties where the foreseeable maximum amount of the payment or the foreseeable maximum value of the services to be provided by the Company does not exceed, for each transaction, €200,000.00 (or the equivalent value expressed in another 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.

Particular types of intra-group transactions: transactions with or between subsidiaries, including jointly, as well as with associated companies, provided that in the subsidiaries or associated companies which are counterparties to the transaction there are no interests of other related parties of the Company qualified as “significant” pursuant to the Related Parties Procedure.

Regular transactions: transactions with related parties, including those that qualify as “Major Transactions”, 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 Rai Way subsidiaries 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.

Shareholders' Meeting resolutions regarding compensation and remuneration plans for the Board of Directors, the Board of Statutory Auditors and, under certain conditions, also for executives with strategic responsibilities: pursuant to Art. 2389, paragraphs 1 and 3, and 2402 of the Italian Civil Code and Art. 114-*bis* of the TUF, respectively.

Supervisory authorities instructions: which are given, directly or in respect of the parent company, for the purpose of stability and in the interest of the stability of the group.

Urgent situations: provided that certain specific guidelines are respected.

As already noted under Section 9.1 of the Report, with regard to activities related to the provisions of the opinion on related party transactions, for each transaction concerned, the members of the Control and Risks Committee must not be counterparties in the transactions or otherwise related to these 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.

This Procedure, which was in effect throughout 2020, and remains in effect as of the date of approval of this Report, has been subject to a periodical assessment for a possible revision. The Board of Directors (upon a review carried out by the Control and Risks Committee) has found it unnecessary to make any changes to the Procedure. The Board of Statutory Auditors was in attendance for the deliberations of both the Control and Risks Committee and the Board of Directors. However, the Committee (for which, as set forth in 2021, a broader name definition has been provided, expressly referring to Sustainability) and the Board of Directors have been informed of the regulatory provisions that came into force in this regard, and in particular, most recently, of the regulations issued by Consob in December 2020, which entail an update of the Procedure to be carried out by 30 June 2021.

## 12. APPOINTMENT OF STATUTORY AUDITORS

In compliance with the legal and regulatory provisions applicable to listed companies, the Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of lists, in accordance with the procedure described below, contained in Art. 28 of the Articles of Association.

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 providing account auditing services for no fewer than three years. Candidates who are not enrolled in the Register of Auditors and have not carried out auditing activities for at least three years must have gained at least three years' overall experience in the exercise of the activities and functions indicated in Art. 28, paragraph 2 of the Articles of Association (see Section 13 of this Report). 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. No candidate may appear in more than one list; should this occur, the candidature is forfeited.

In order to be valid, slates must be submitted to the Company headquarters, also by means of remote submission, in accordance with the procedures published in the notice of 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 prior to the date of the Shareholders' Meeting (or within the deadline as provided by prevailing legislation). Slates are then to be made available for viewing at the Company's headquarters and published on the Company's website or by other means envisaged by applicable regulations at least 21 days prior to the date of the Shareholders' Meeting (or within the deadline as provided by prevailing legislation). 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 person eligible to vote (as well as (i) the eligible persons belonging to the same group, meaning the person, even if not a company, who controls the company pursuant to Art. 2359 of the Italian Civil Code and each subsidiary or joint venture over which said party exercises control; or (ii) the participants in a shareholder agreement as defined by Art. 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 list in the same way that each candidate may appear on only one list. Failure to comply will result in ineligibility.

Candidacy lists may be submitted by those persons entitled to vote who, alone or together with others, hold shares with voting rights, representing at least the percentage of share capital established by the law and regulations in force from time to time (currently 1%, as established by Consob with executive resolution no. 44 of 29 January 2021). 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 submitting the slates must also provide any additional documentation and declarations as 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) 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 letter a) above and that is not connected in any way, directly or indirectly, with the parties eligible to vote who submitted the slate from letter 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 ordinary Shareholders’ Meeting 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’ Meeting in order to break the tie. The Shareholders’ Meeting 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. If the Chairman of the Board of Statutory Auditors needs to be replaced, the incoming substitute Auditor will then assume the role of Chairman. The Shareholders’ Meeting provided for by Article 2401, paragraph 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 this shareholders’ meeting for the role of standing Auditor, said Auditor will return to the role of substitute Auditor.

### 13. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (EX ART. 123-BIS, PARAGRAPH 2, LETTER D) OF 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 in 2020, and as of the date of this Report, was appointed by the Assembly of Shareholders at the meeting held on 23 April 2018 and is in office until approval of the financial statements for the year ending 31 December 2020.

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

NAME AND SURNAME	POSITION	PLACE AND DATE OF BIRTH
Silvia Muzi	Chairperson	Rome, 18 July 1969
Maria Giovanna Basile	Standing Auditor	Avellino, 06 October 1962
Massimo Porfiri	Standing Auditor	Rome, 18 July 1956
Paolo Siniscalco	Substitute Auditor	Naples, 19 July 1967
Nicoletta Mazzitelli	Substitute Auditor	Rome, 04 August 1962

At the Shareholders' Meeting of 23 April 2018, these Statutory Auditors in office were drawn from the list of candidates submitted by the majority shareholder Rai ("majority" list, which was voted by 70.81% of the ordinary shares admitted to the vote), except for the Chairman of the Board of Statutory Auditors, Silvia Muzi, and the Alternate Auditor, Paolo Siniscalco, who were drawn from the list submitted by some investment funds and institutional investors ("minority" list).

After 31 December 2020, there has been no change in the composition of the Board of Statutory Auditors. For the sake of completeness, it should be noted that the composition of the Board of Statutory Auditors is consistent with the legal and regulatory provisions on gender balance, as specified in Section 4.2.2. above of this Report.



Further details concerning the Board of Statutory Auditors are set out in the attached Table 3, to which reference should be made.

During the 2020 financial year, the Board of Statutory Auditors convened ten times with all members in attendance and with an average duration of just over two hours.

During 2021 and at the time of this Report, the Board of Statutory Auditors, providing to have as many meetings as deemed necessary for the proper and effective performance of its duties, has had three (3) meetings.

The *curricula vitae* of the Statutory Auditors in office at 31 December 2020 (as at the date of this Report), updated on the basis of the information provided by the persons concerned, with information on their professional and personal characteristics and on the skills and experience they have acquired up to that date (except for certain information provided at the date of this Report) are published on the Company's website [www.raiway.it](http://www.raiway.it) (Governance/Board of Auditors section) to which reference should be made, without prejudice to what was previously published with the lists mentioned above for the appointment of the Board of Statutory Auditors in office).

All Auditors must meet the eligibility, professional competence and integrity requirements provided for by law and any other applicable regulations. Furthermore, Art. 28, referenced herein, of the Articles of Association requires that all Auditors must meet the independence requirements as provided in the Corporate Governance Code.

In application of Art. 144-*novies* of the Issuers' Regulation and the Application Criterion mentioned above, the existence of the requirements indicated above for the Board of Statutory Auditors members is assessed by the Board of Directors and the Board of Statutory Auditors:

- (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.

With regard to the 2020 financial year, and at the date of this Report, the Board of Statutory Auditors has verified that its members meet the requirements of independence, as well as the other prescribed requirements. The positive outcome of these checks, renewed in 2021 also with reference to the existence of the independence requirements set forth in the Corporate Governance Code, was then reported to the Board of Directors. It should also be noted that the Board of Statutory Auditors currently in office has prepared its own guidelines for the Shareholders (also in relation to the activities carried out and the commitment required) regarding the renewal of the Board of Statutory Auditors scheduled for the Shareholders' Meeting to approve the Financial Statements for the year 2020, guidelines which are published within the terms and in the manner prescribed for the Report of the Board of Directors relating to this meeting topic.

Following the appointment of the Board of Statutory Auditors, the Board of Directors had also ascertained that all the members of the Board of Statutory Auditors met the requirements of professionalism and integrity required by Art. 148 of the TUF and the Regulation adopted by Ministry of Justice Decree 162/2000, also noting compliance with the limits on the accumulation of offices under Art. 144-*terdecies* of the Issuers' Regulation.

The Auditors took part in the initiatives and activities reported in Section 4.2.3. above, also considered as an induction held in 2020 during the meetings of the Board of Directors and Board committees. It should be noted, without prejudice to the above, that, given the fact that the majority of the other members of the Board of Statutory Auditors have been in office for several years and the specific background of all the members, the Board of Statutory Auditors is deemed to have adequate knowledge of the business sector in which the Company operates, and that the dynamics of the Company and their evolution, which are also the subject of updates during Board meetings, at which the Board of Statutory Auditors has always been represented, as well as the reference regulatory framework, are in any case well known to them.

In addition to what is already provided for by the Related Parties Procedure (for a description of which see Section 11 of this Report), it was not considered necessary to formalize specific procedures for cases in which a member of the Board of Statutory Auditors has an interest, on his/her own behalf or on behalf of third parties, in a given transaction.

In carrying out its activities, the Board of Statutory Auditors coordinates with the Audit Department and the Control and Risk Committee, in particular, as indicated above, through participation in the meetings of the Committee. As previously stated, the Board of Statutory Auditors was also informed of the activities of the Company's Supervisory Board, receiving periodic reports from said Board and other information exchanges.

#### 14. RELATIONS WITH SHAREHOLDERS

On its website([www.rairway.it](http://www.rairway.it)), Rai Way has created two special sections known as “Corporate Governance” and “Investor Relations”, which can be easily identified and accessed, and in which information concerning the Issuer that is relevant to its shareholders is made available ( to enable the latter to exercise their rights in an informed manner) with particular reference to documentation and information relating to Shareholders’ Meetings. Likewise, the economic and financial documents for the period are published (including a “navigable” balance sheet), the presentations used for meetings with members of the financial community and the announcements disseminated on the market.

Relations with shareholders are handled by the Investor Relations department, which operates within the Corporate Development structure, headed by Giancarlo Benucci, who reports directly to the Chief Executive Officer.

Despite the severe travel restrictions resulting from the COVID-19 epidemic, the Company has confirmed its commitment to ensuring an effective, continuous and attentive dialogue with its shareholders, institutional investors and the financial community in general (“*engagement*”), through its Investor Relations department, using a variety of communication tools and channels, particularly digital ones. The activity was conducted through the usual *conference calls* for the presentation of quarterly, half-yearly and annual results. Engagement activities were further strengthened in Italy and abroad through numerous individual and group conference calls with *sell-side* investors and analysts, participation (mainly in virtual mode) in conferences organized by leading institutions in the sector in Europe and the United States, and *roadshows*. In March 2020, the Company presented its 2020-2023 Business Plan to the financial community, providing an update of its strategic guidelines and economic and financial targets. The outcomes of engagement activities, including meetings and conference calls, are monitored and feedback is analysed and assessed in order to ensure an effective dialogue with the financial community.

## 15. SHAREHOLDERS' MEETINGS (EX ART. 123-BIS, PARAGRAPH 2, LETTER C) OF TUF)

Only one Shareholders' Meeting was held in the 2020 financial year, on 24 June 2020, which was attended by approximately 89.81% of the share capital. It should be borne in mind that, in view of the epidemiological emergency relating to the spread of COVID-19 and in order to allow the Shareholders' Meeting to be held under safe conditions, the Shareholders' Meeting was held making use of the provisions and powers set out in Art. 106, paragraph 4, of Law Decree 18 of 17 March 2020, as indicated in the related notice of call published in accordance with the law, and in particular with the possibility of participation for those with rights only through the Appointed Representative pursuant to ex Art. 135-*undecies* of the TUF, providing for all the pre-meeting publications required by law and in any case provided for in the notice of call. With reference to the Shareholders' Meeting, all the publications required by law and in any case provided for in the notice itself have been made.

In addition to the Notary drafting the meeting minutes and the Appointed Representative, the Chairman of the Board of Directors, the Chief Executive Officer (who provided and explanation on the Company's operating results in 2019), the Chairman of the Board of Statutory Auditors and the Secretary to the Board of Directors attended this Shareholders' Meeting (whose duties were to provide assistance to the overall Meeting). Three other Members of the Board of Directors in office at that time and two Statutory Auditors also attended and were identified by means of video/audio conference system.

The provisions relating to the General Meeting, in particular to its convocation, the right to attend and representation, its presidency and the constitution and validity of resolutions, are contained in Heading IV of the Articles of Association, from Articles 12 to 16.

For a description of the matters reserved for the exclusive competence of the Board of Directors, refer to the Section above 4.3 of the Report.

The Articles of Association do not provide for qualified *quorums*, and therefore the provisions of the law shall be complied with for the validity of the constitution of the Meeting and the resolutions passed by it. Furthermore, the possibility to issue shares with increased voting rights pursuant to Art. 127-*quinquies* of the TUF is not provided for.

On 4 September 2014, the General Shareholders' Meeting adopted the General Shareholders' Meeting Regulations, designed to govern the orderly and functional conduct of meetings. The text of the General Shareholders' Meeting Regulations, to which reference should be made, is available to the public on the Company's website at the address [www.railway.it](http://www.railway.it) (Governance/Shareholders' Meeting section). The Rules of Procedure provide that the Chairman shall moderate the debate. Those who are entitled to take part, the directors and the 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 who 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 authorize 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 financial year ended 31 December 2020, there were no significant changes in the market capitalisation of the Issuer's shares or in the composition of its shareholding structure, in relation to which the Board had to assess the advisability of proposing amendments to the Articles of Association regarding the percentage quotas for the exercise of the rights/actions undertaken to protect minorities to the Shareholders' Meeting.

**16. OTHER CORPORATE GOVERNANCE PRACTICES (PURSUANT TO EX ART. 123-BIS, PARAGRAPH 2, LETTER A) OF 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.

## **17. CHANGES AFTER THE REPORTING PERIOD**

From 31 December 2020 to the date of this Report, there have been no significant changes to the Company's governance structure, although it should be noted that the Board of Directors has generally adopted the Corporate Governance Code for Listed Companies (January 2020 edition), approved by the Corporate Governance Committee as the new edition of the Corporate Governance Code, to be applied in 2021; in this context, in addition to an update of the Board of Directors' Regulations, the name of the Control and Risk Committee has also been changed to Control and Risk and Sustainability Committee and certain criteria of independence relating to Directors have been clarified, which the Statutory Auditors must also meet, as indicated in Section 4.6 above of this Report. The Company will provide information on the application of the aforementioned Corporate Governance Code, in line with what is also indicated therein, in the Report on Corporate Governance and Ownership Structure for the financial year ending 31 December 2021.

## **18. COMMENTS ON THE LETTER DATED 22 DECEMBER 2020 FROM THE CORPORATE GOVERNANCE COMMITTEE CHAIRMAN**

With regard to the recommendations set out in the letter the Chairman of the Corporate Governance Committee, dated 22 December 2020 from - the contents of which the Board Committees were informed (with discussion during meetings held on 8 February 2021, as regards the Control and Risk Committee, and on 20 January 2021, as regards the Remuneration and Appointments Committee) and the Board of Directors, at the meeting held on 11 February 2021, with subsequent discussion also at the meeting held on 18 March 2021, in all cases in the presence of members of the Board of Statutory Auditors - reference should be made to what is outlined in this Report with regard to the profiles indicated in the recommendations, or in particular concerning pre-meeting disclosures, independence of Directors and Statutory Auditors, self-evaluation of the Board of Directors, appointment of the Board of Directors, succession plans, remuneration (in particular, the reader is referred to the "Report on the remuneration policy and the remuneration paid") and the activities of the Remuneration and Appointments Committee and the Control and Risk Committee (at the date of this Report called, as already indicated, the Control and Risk and Sustainability Committee). In particular, with reference to the integration of sustainability in the definition of business strategies, at the date of this Report and following the provisions of the Company's current 2020-2023 Business Plan, a general policy and a multi-year operating plan on sustainability have been adopted by the Board of Directors - after preliminary analysis by the aforementioned Committee also with respect to the updating of the relevant materiality analyses - (in this regard, please also refer to what is reported in this regard in the Non-financial Declaration pursuant to Legislative Decree no. 254/2016), which are also relevant for the purposes of the Internal Control and Risk Management System.

Rome, 18 March 2021

On behalf of the Board of Directors

The Chairman

Giuseppe Pasciucco

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE**

<b>CAPITAL STRUCTURE</b>				
	No. of shares	% of share capital	Listed (enter the markets) / 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	-	-	-	-

<b>OTHER FINANCIAL INSTRUMENTS</b> <b>(attributing the right to subscribe newly issued shares)</b>				
	Listed (enter the markets) / unlisted	Number of outstanding instruments	Class of shares for conversion/financial year purposes	Number of shares for conversion/financial year purposes
Convertible bonds	-	-	-	-
Warrants	-	-	-	-



**SIGNIFICANT EQUITY INVESTMENTS IN SHARE CAPITAL**

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	64.971 <sup>(11)</sup>	64.971

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<sup>(11)</sup> Source: minutes from the Shareholders' Meeting of 24 June 2020.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES IN 2020

Board of Directors													Control and Risks Committee		Remuneration and Appointment Committee	
Position	Members	Date of birth	Date of first appointment*	In office since	In office until	List **	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)
Chairperson	Giuseppe Pasciucco	1965	June 2020	24/06/2020	Shareholders' meeting to approve the 2022 financial statements	M		■			0	5/5				
Chief Executive Officer	Aldo Mancino ● ◊	1964	April 2017	24/06/2020	Shareholders' meeting to approve the 2022 financial statements	M	■				0	12/12				
Director	Stefano Ciccotti	1960	June 2020	24/06/2020	Shareholders' meeting to approve the 2022 financial statements	M		■			0	5/5				
Director	Riccardo Delleani	1960	June 2020	24/06/2020	Shareholders' meeting to approve the 2022 financial statements	M		■	■	■	1	5/5			5/5	P
Director	Annalisa Raffaella Donesana	1966	June 2020	24/06/2020	Shareholders' meeting to approve the 2022 financial statements	M		■	■	■	4	5/5			5/5	M
Director	Barbara Morgante	1962	June 2020	24/06/2020	AGM to approve the 2022 financial statements	M		■	■	■	0	5/5	5/5	M		
Director	Umberto Mosetti	1965	April 2017	24/06/2020	Shareholders' meeting to approve the 2022 financial statements	m		■	■	■	1	11/12			7/11	M
Director	Donatella Sciuto	1962	April 2017	24/06/2020	Shareholders' meeting to approve the 2022 financial statements	M		■	■	■	2	11/12	10/11	M		
Director	Paola Tagliavini	1968	April 2017	24/06/2020	Shareholders' meeting to approve the 2022 financial statements	M		■	■	■	5	12/12	11/11	P		
-----DIRECTORS WHO LEFT OFFICE DURING THE FINANCIAL YEAR-----																
Board of Directors													Control and Risks Committee		Remuneration and Appointment Committee	
Position	Members	Date of birth	Date of first appointment*	In office since	In office until	List **	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)
Chairperson	Mario Orfeo	1966	April 2019	18/04/2019	24/06/2020	M		■			N/A	7/7				

<b>Director</b>	Joyce Victoria Bigio	1954	September 2014	28/04/2017	24/06/2020	M		■	■	■	N/A	7/7			6/6	<b>M</b>
<b>Director</b>	Fabio Colasanti	1946	September 2014	28/04/2017	24/06/2020	M		■	■	■	N/A	7/7	6/6	<b>M</b>		
<b>Director</b>	Anna Gatti	1972	October 2014	28/04/2017	21/04/2020	M		■	■	■	N/A	2/5			5/6	<b>P</b>
<b>Director</b>	Gian Paolo Tagliavia	1969	April 2017	28/04/2017	24/06/2020	M		■			N/A	3/7				
	<b>No. of meetings held during the Reference Period: 12</b>							Control and Risks Committee: <b>11</b>			Remuneration and Appointments Committee: <b>11</b>			Executive Committee: <b>N/A</b>		
	<b>Specify the quorum required for the submission of minority lists for the election of one or more members (pursuant to ex Art. 147-ter TUF): 1 % (CONSOB executive decision no. 28 of 30 January 2020)<sup>(12)</sup></b>															

#### NOTES

The following symbols must be included in the column “Office”:

• This symbol indicates the director in charge of 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).

o 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.

\*\* This column shows the list from which each director was drawn (“M”: majority list; “m”: minority list; “BoD”: list submitted 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. The offices are listed in detail in the Report.

(\*). This column indicates the attendance of Directors at the meetings of the Board of Directors and Committees held in the respective office periods.

(\*\*). Qualification of the director within the Committee: “P”: president; “M”: member.

“Reference Period” means the period between 1 January and 31 December 2020

<sup>(12)</sup> At the time of the appointment of the Board of Directors that took place at the Shareholders’ Meeting held on 24 June 2020, for the submission of lists by minorities pursuant to Consob Resolution no. 28 of 30 January 2020, the *quorum* required was 1%.

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS IN 2020**

Position	Members	Date of birth	Date of first appointment*	In office since	In office until	List **	Indep. Code	Attendance at Board of Statutory Auditors' meetings ***	No. offices ****
Chairperson	Silvia Muzi	1969	April 2018	23/04/2018	AGM to approve the 2020 financial statements	m	■	10/10	8
Standing Auditor	Maria Giovanna Basile	1962	September 2012	23/04/2018	AGM to approve the 2020 financial statements	M	■	10/10	14
Standing Auditor	Massimo Porfiri	1956	April 2015	23/04/2018	AGM to approve the 2020 financial statements	M	■	10/10	21
Substitute Auditor	Nicoletta Mazzitelli	1962	April 2015	23/04/2018	AGM to approve the 2020 financial statements	M	N/A	N/A	N/A
Substitute Auditor	Paolo Siniscalco	1967	April 2018	23/04/2018	AGM to approve the 2020 financial statements	m	N/A	N/A	N/A
<b>Number of meetings held during the Reference Period: 10</b>									
<b>Specify the quorum required for submission of minority lists for the election of one or more members (pursuant to ex Art. 148 of TUF): 1 % (Consob Executive Resolution no. 44 of 28 January 2021; the same percentage share is also expected for 2020, on the basis of Consob Executive Resolution no. 28 of 30 January 2020)</b>									

**NOTES**

\* The date of first appointment of each Statutory Auditor means the date on which the Statutory Auditor was appointed for the first time (ever) to the Issuer's Board of Statutory Auditors.

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

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

\*\*\*\* This column shows the number of directorships or statutory auditor appointments (including the one with the Company) held by the person concerned pursuant to Art. 148-*bis* of the TUF and the relevant 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. For the Standing Auditor who has left during the year, reference is made to termination date.

"Reference Period" means the period between 1 January and 31 December 2020