



SUSTAINABILITY REPORT 2018



Rai Way

***Non-financial disclosure pursuant to Legislative Decree No.
254/2016***

Sustainability Report as at 31 December 2018

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This report has been translated into English from the Italian original
solely for the convenience of international readers.

Letter of the Chairman

GRI (102-14) (102-15)

Dear stakeholders,

With the issue of the first Sustainability Report, covering activities in the 2017 financial year, Rai Way has started reporting on its environmental, social and governance performance, also in compliance with Legislative Decree 254/2016.

Our sustainability strategy is not, however, just the application of legal and regulatory provisions. We believe in fact that the Sustainability Report represents a usable tool, in constant evolution, able to provide a view of the company in line with your requirements.

In light of this and capitalizing on what we already did in 2017, we worked in 2018 to increase within the organisation the awareness of what does sustainability mean for Rai Way, refining and improving at the same time the information gathering process and increasing the commitment of those involved in the project.

We are very happy of our 2018 financial results, as they show the solidity of Rai Way and the continuation of its growth path in line with its strategic guidelines. In a context where both the regulatory framework and the market are rapidly changing, this allows us to look with confidence to the future, but at the same time requires stronger Risk Management activities. In 2018, therefore, the Company worked to implement an Enterprise Risk Management System, to ensure greater transparency and information on the main business risks, in line with reference best practice.

As for our most important resource, the people, they are and will be increasingly key to guide the company through the upcoming strategic and technical evolution.. Therefore, in 2018, training and development programmes were launched to support the digital transformation and strengthen the emerging digital skills. We provided more than 21,000 hours of training, up by 29.3% with respect to 2017. The attention paid to the individuals and to the constant evolution of HR policies and processes was recognised, for the third year running, by the Top Employers Institute, which confirmed the focus of Rai Way on its human resources, their talents and skills.

To protect the fundamental values that guide Rai Way activities, we have further raised the standards that regulate our way of acting, operating and competing. The Rai Way Anti-corruption Policy was drafted in 2018 and subsequently approved at the beginning of 2019, specifying an internal control system aimed at preventing corruption, integrated with the other “control governance” tools (Code of Ethics, Model 231 in box). The Policy allows Rai Way to introduce additional measures and strengthen those already in place with a model even more in line with the operational requirements.

We are committed to improve further our sustainability strategy, given its increasing importance in the creation of long-term value, both for the business and for the community. Our approach is developing at full speed and by working together, we will be able to manage the changes we are facing and to reach the objectives that have set ourselves.

On behalf of the Board of Directors

The Chairman

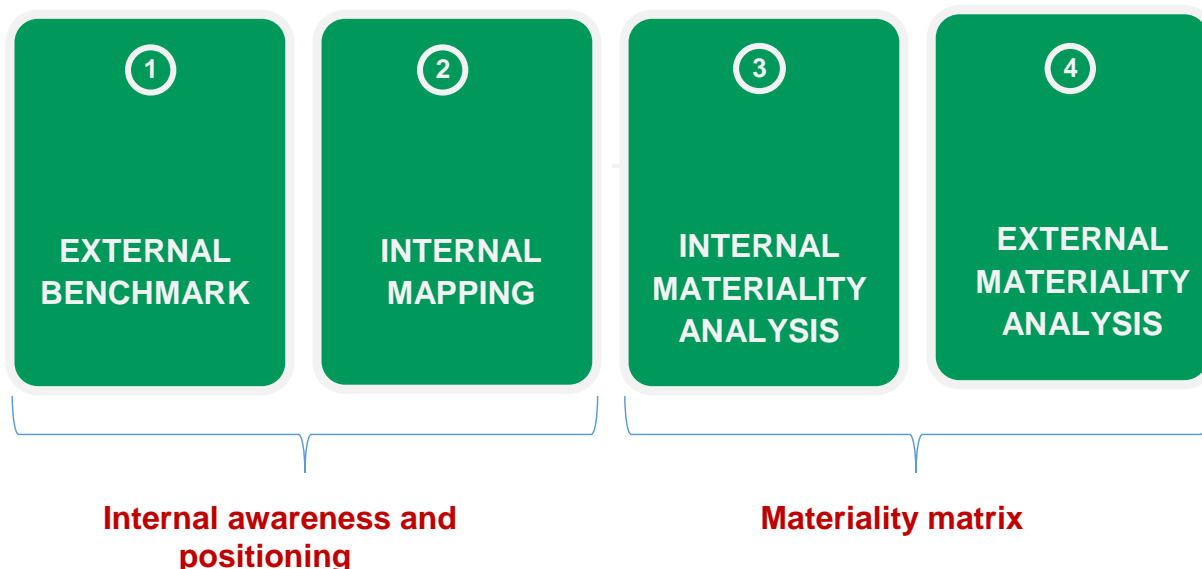
Raffaele Agrusti

1. Introduction and methodology note

GRI (102-51)

Rai Way S.p.A. (“Rai Way” or “Company”) is a leading provider of network infrastructures and services for broadcasters, telecommunications operators, private companies and the public sector. It allows the public radio and television service and the other customers to broadcast television and radio content, in Italy and abroad. Rai Way pays increasing attention to its economic performance and to the social and environmental impacts of its activities on the most relevant stakeholders and the community within which it operates. This has led the company to issue a Sustainability Report, which also represents the Non-financial Disclosure of Rai Way S.p.A. pursuant to Legislative Decree 254/2016

In this spirit, Rai Way has identified the issues most relevant from the sustainability point of view, based on its business and the reference context described above, involving some of the most representative stakeholders, to hear their demands and perceptions and to obtain, over time, a more effective, inclusive and non-self-referential reporting. We have also assessed the state of the art and the evolution of the Corporate Social Responsibility (CSR) initiatives of the company, identifying its positioning with respect to its competitors and best practices.



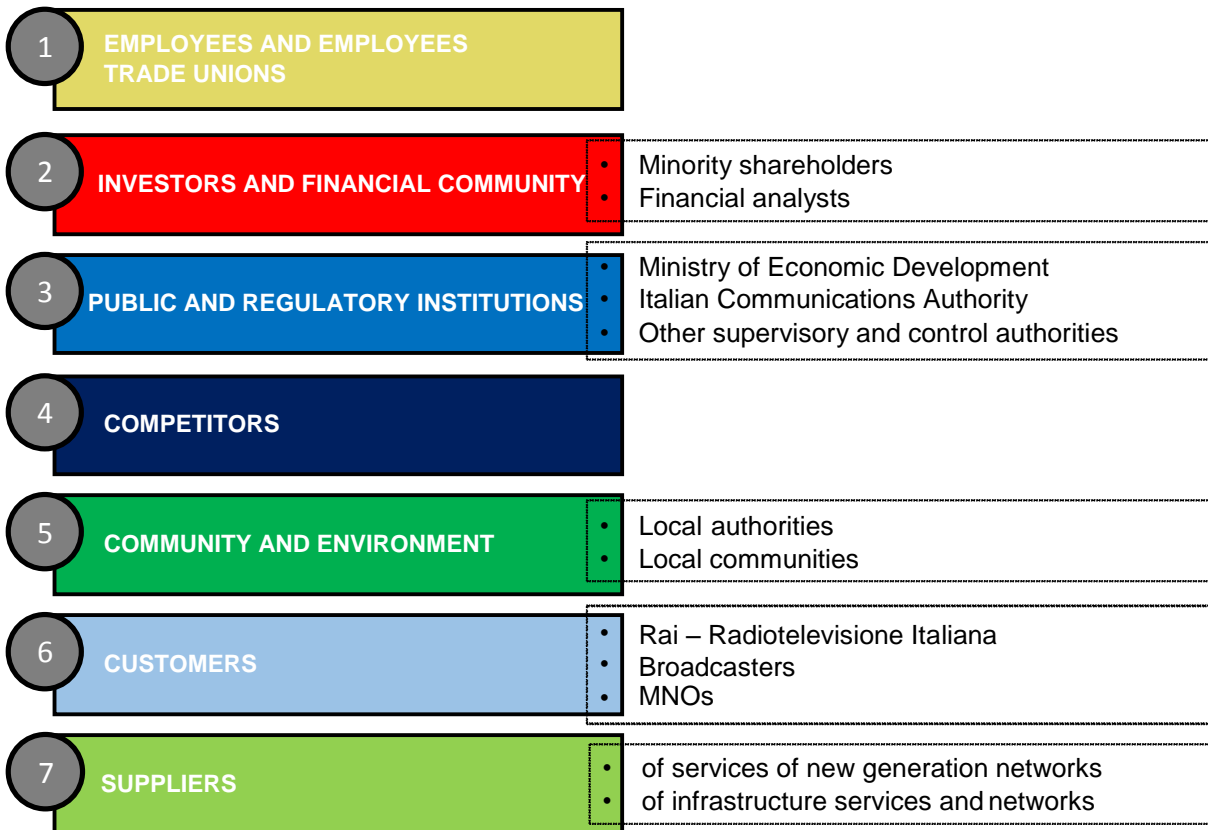
A listening strategy, inside and outside the company

More specifically, we carried out benchmarking activities, analysing the sustainability policies of the main companies of our sector and similar sectors and the best practices, also by involving internal and external stakeholders.

1.1 Stakeholders' involvement

GRI (102-40) (102-42) (102-43) (102-44)

Rai Way started the definition of a structured sustainability and social reporting strategy by involving the relevant corporate functions, both at the headquarters and at the regional offices, as well as some of the external stakeholders, chosen among the most important suppliers and customers.

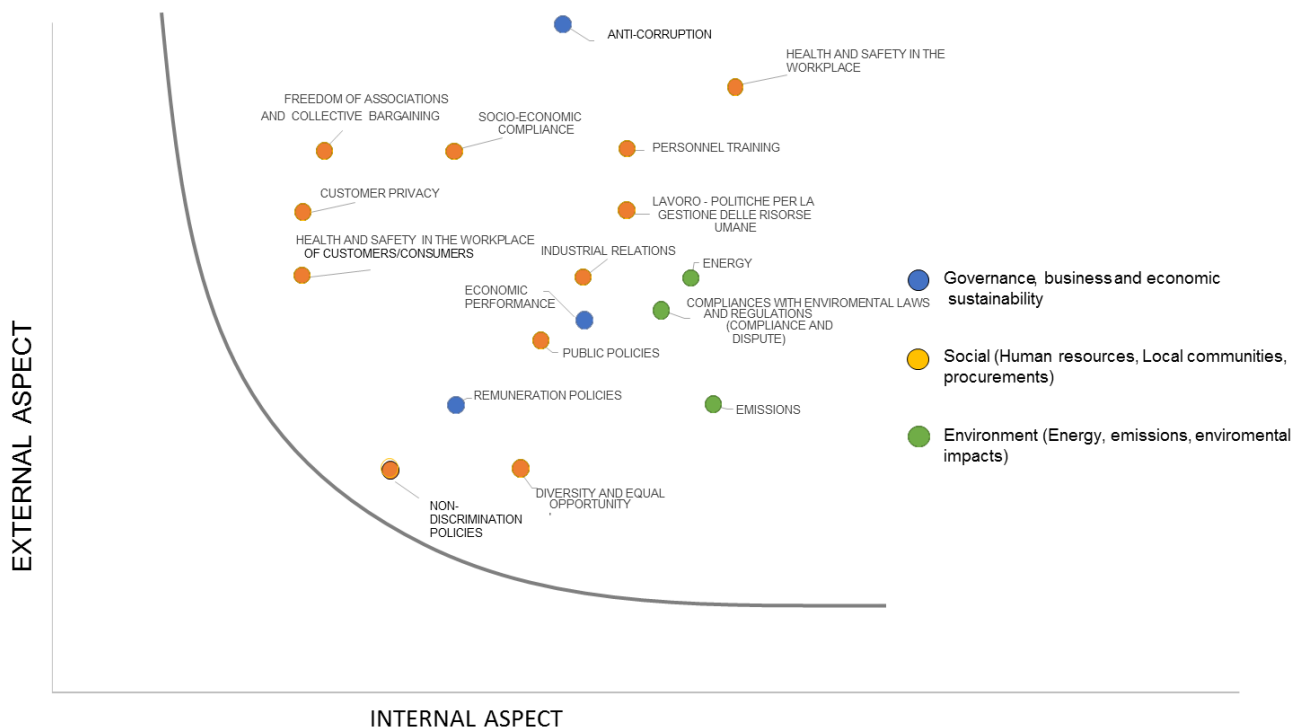


Map of Rai Way stakeholders

1.2 Materiality matrix

GRI (102-47)

The stakeholder engagement process has allowed Rai Way to gather their demands and elaborate them into a “materiality matrix”, verifying for each relevant issue the level of alignment or misalignment.



Rai Way materiality matrix

The matrix shows three macro-areas, described in the following chapters and shown in the table below:

- issues related to the governance, the business and the economic sustainability of Rai Way;
- environmental issues, with a special attention to the impact of Rai Way business on the environment, in particular focusing on electro-magnetic radiations, energy consumption and compliance with laws and regulations;
- social issues, related to human resource management (health and safety in the workplace, training and industrial relations) and customer relations (health and safety and privacy)¹.

¹ Note that the issue of respect for human rights, indicated in Art. 3 of Legislative Decree No. 254/2016, does not appear to be material and substantial, taking into account the activities and characteristics of Rai Way.

ISSUE	ASPECT	STANDARD INDICATOR GRI	PERIMETER OF MATERIAL ASPECTS	
			INTERNAL	EXTERNAL
GOVERNANCE, ECONOMIC	ECONOMIC PERFORMANCE	201	RAI WAY	
	ANTI-CORRUPTION	205	RAI WAY	INSTITUTIONS AND COMMUNITY
	REMUNERATION POLICIES	102 - 35/39	RAI WAY	
ENVIRONMENT	EMISSIONS	305	RAI WAY	ENVIRONMENT AND COMMUNITY
	ENERGY	302	RAI WAY	
	COMPLIANCE WITH ENVIRONMENTAL LAWS OR REGULATIONS (COMPLIANCE AND DISPUTES)	307	RAI WAY	
	WATER	303	RAI WAY	
SOCIAL	HEALTH AND SAFETY IN THE WORKPLACE	403	RAI WAY	
	LABOUR - HUMAN RESOURCES MANAGEMENT POLICIES	401	RAI WAY	
	PERSONNEL TRAINING	404	RAI WAY	
	INDUSTRIAL RELATIONS	402	RAI WAY	
	PUBLIC POLICIES	415	RAI WAY	INSTITUTIONS
	DIVERSITY AND EQUAL OPPORTUNITY	405	RAI WAY	
	SOCIAL-ECONOMIC COMPLIANCE	419	RAI WAY	
	NON-DISCRIMINATION POLICIES	406	RAI WAY	
	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	407	RAI WAY	
	HEALTH AND SAFETY OF CUSTOMERS/CONSUMERS	416	RAI WAY	CUSTOMERS
	CUSTOMER PRIVACY	418	RAI WAY	CUSTOMERS
	HUMAN RIGHTS	412	RAI WAY	

Perimeter of material aspects (GRI 103-1)

1.3 Methodology note: perimeter, scope and contents of the Sustainability Report

GRI (102-45) (102-46) (102-50) (102-52) (102-53)

This Sustainability Report represents the Non-financial Disclosure of Rai Way S.p.A. Pursuant to Legislative Decree 254/2016 and complies with the GRI *Standards* (option “in *Accordance Core*”) issued by the *Global Reporting Initiative* on non-financial reporting. The Report allows Rai Way to combine the socio-environmental reporting with the financial statements and presents the activities, projects and results obtained in 2018 in the economic, social and environmental area, as well as the initiatives carried out and the commitments taken towards the main stakeholders.

The Sustainability Report presents, with regard to 2018, the relevant aspects according to the aforementioned materiality matrix, created in compliance with the GRI standards.

This Sustainability Report is divided in three main sections:

1. Rai Way presentation;

2. the governance of the company also in the light of the applicable laws and regulations to the companies with listed shares;
3. the commitment of Rai Way to local communities, environment, human resources and economic efficiency.

The document is completed by the letter to the stakeholders and, last, by the table that shows how the contents of this Non-financial Disclosure relate to the requirements of Legislative Decree 254/2016 and the summary table of the GRI Disclosure.

2. Rai Way²

2.1 Public service guarantee

GRI (102-1) (102-2) (102-3) (102-4) (102-6)

Rai Way S.p.A. operates in the communications infrastructure sector, providing integrated services to its customers. More specifically, Rai Way is the Rai Group company that owns the infrastructure and equipment for television and radio signal transmission and broadcasting.

Rai Way was incorporated on 27 July 1999 and has been operational since 1 March 2000, following the transfer of the "Transmission and Broadcasting Division" business unit by its sole shareholder Rai Radiotelevisione Italiana S.p.A.

The ownership of Rai's television and radio transmission and broadcasting equipment was therefore transferred to Rai Way and, with it, the human capital, in particular, a cluster of technical excellence in the sector of the transmission and broadcasting of radio and television signals.

Rai Way has a capillary presence throughout Italy, with headquarters in Rome, 23 regional offices and more than 2,300 sites across Italy, which gives it an infrastructural leadership based on the uniqueness and capillarity of its network.

The National Control Centre in Rome has a key role in ensuring the high quality of the services offered, carrying out a key function in the configuration, management and monitoring of the transmission circuits. The Broadcasting National Control Centre in Milan has an equally important role, guaranteeing the good operation of the broadcasting plants across Italy.

Thanks to the high professional expertise, specialised training and constant professional development of its workforce, Rai Way is a leader in the broadcasting infrastructure sector.

In terms of services provided by the Company, they can be divided into the following four categories: Broadcasting Services, Transmission Services, Tower Rental Services and Network Services.

Building on its historical leadership in analogue transmission, Rai Way has been involved from the very beginning in the development of terrestrial digital broadcasting to guarantee RAI, as a public service broadcaster, with effective and reliable digital coverage and broadcasting.

RAI WAY AT A GLANCE:

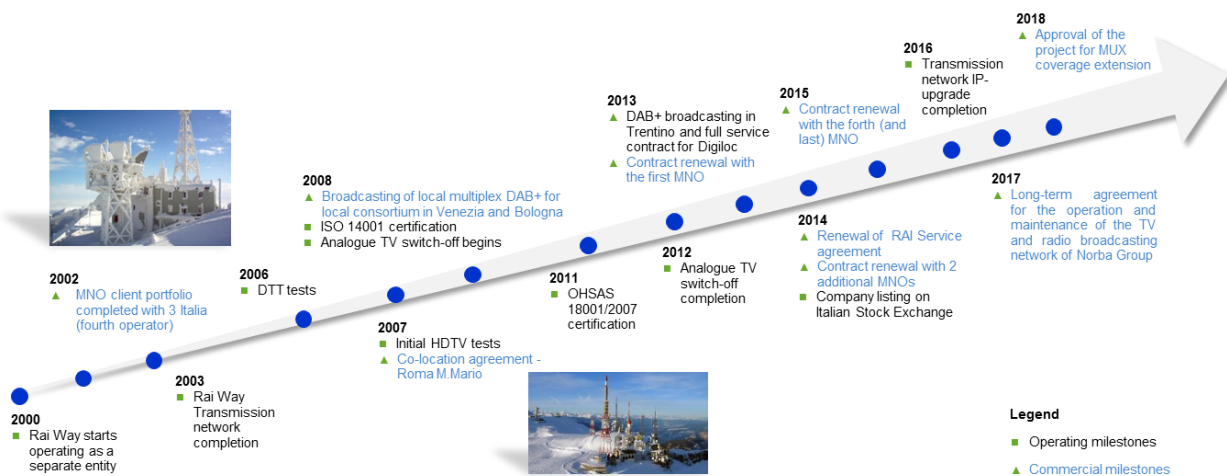
- Profits of 59.7 million euro (+6%)
- More than 600 employees
- 1 headquarters in Rome, 23 regional offices and 2 control centres
- more than 2,300 sites across the country
- large sites in strategic positions
- strong capillarity at the level of rural areas
- coverage of more than 99% of the Italian population through the DTT platform

² Rai Way S.p.A. with headquarters in Via Teulada 66, 00195 Rome.

The coordinated work of all its structures has allowed Rai Way to reach its regulatory targets (Law No.112/04) in terms of terrestrial digital network coverage: 50% of the population at 31 December 2003, 70% at 31 December 2004, 85% at 31 December 2007 and completion of the switch-off in 2012.

Since 19 November 2014, as a result of the Global Sale Offer promoted by the Rai shareholder, the Rai Way shares have been traded on the Mercato Telematico Azionario (MTA) of Borsa Italiana.

The next important challenge of the "digital" strategy concerns the introduction of new standards of compression of the television signals as well as the execution of the activities functional to the release of the 700 MHz band.



Rai Way milestones

2.2 Company values

GRI (102-16)

The values of the company can be traced back to the ongoing commitment in the activities related to the provision of its services. In this context, the following values take a special significance:

1. **QUALITY:** meeting the quality requirements of its customers is key for Rai Way; the Company therefore pursues:
 - maximum geographic coverage in Italy;
 - maximum technical quality of infrastructures;
 - high reliability of the services provided;
 - operational efficiency.

Rai Way was already certified to ISO 9001:2015 for the provision of design and ordinary maintenance services of plants and networks for the broadcasting and transmission of radio and television signals. In 2018, the Company has extended its certification to the provision of network infrastructures and services for Broadcasters and Telecommunication Operators, consolidating its Quality Management System.

2. **ENVIRONMENT:** in the pursuit of its objectives, Rai Way operates by taking into account the correct balance between operational requirements and environmental sustainability issues. The Company therefore carries out its activities with a constant focus on environment protection, in line with the Environment, Health and Safety Policy adopted by Rai Way and its Code of Ethics, in compliance with the laws and regulations in force and environmental protection internal procedures. Rai Way follows appropriate rules to maintain channels of communication with the stakeholders for a better understanding of the management of environmental issues. Since 2008, the company has adopted an environmental management system certified to ISO 14001:2015, which has allowed and facilitated the identification and assessment of the environmental impacts of its operations. The significance of each environmental impact identified was assessed by analysing the different relevant factors and, where necessary, the resulting mitigation actions (see also Chapter 4.2 – Environment).

RAI WAY QUALITY POLICY

To remain a business leader, Rai Way strives to guarantee the supply of top-quality products and services and to ensure the maximum satisfaction of its customers, shareholders and, more in general, stakeholders. Rai Way has therefore acquired, and constantly improved, a quality management system based on the following principles:

- attention focused on the customers and on the parties involved
- approach by processes
- leadership
- assessment of risks and opportunities
- involvement of personnel and stakeholders
- improvement

The quality management system of Rai Way is certified to ISO 9001:2015 in the field of services of design and ordinary maintenance of plants and networks for the broadcasting and transmission of radio and television signals. In 2018 the Company has extended its certification to the supply of network infrastructures and services for Broadcasters and Telecoms Operators.

3. **SAFETY:** in creating the development strategies dictated by its institutional mission, Rai Way pursues simultaneously objectives and values that are the foundation of its Safety Policy (see also Chapter 4.3 – Human resources/Health and safety).
4. **INNOVATION:** in the evolving scenario after the listing on the stock exchange, in response to the challenges of a constantly evolving and highly competitive market, innovation is a distinctive and systematic component of the corporate activity, which involves and feeds, in an ongoing process of research and development, the different sectors of the corporate organisation.

In line with the best market benchmarks, Rai Way pursues a capillary and multi-directional innovation strategy, involving, with a view to its broad application, the entire corporate activity, from technology and sales to management and organisational aspects (see also Chapter 2.5 – Corporate assets and innovation).

5. **COMMITMENT TO THE COMMUNITY:** with a capillary presence across Italy, aware of its responsibilities not only in economic but also in social and environmental terms, Rai Way has strengthened over the years its commitment to the community, developing relations with different parties at the local level, also with a view to corporate social responsibility (see Chapter 4.1.1 - Relations with the community).

2.3 Rai Way activity and reference market

GRI (102-6)

Compared to the other European countries, Italy is characterized by a much wider diffusion of the DTT platform. The solid positioning of DTT in Italian broadcasting is further supported by the absence of cable TV and the still embryonic presence of IPTV, due, among other things, to the limited presence of fast broadband networks capable of supporting the related services. Regarding the Italian radio market, programs are transmitted in both analogue and digital format (DAB - Digital Audio Broadcasting) and no expiry dates have been set for to switch-off of the analogue signal, in line with many other European countries.

Through the characteristics of its network, Rai Way offers tower rental services also in the context of the sector of telecommunications towers.

Its technological assets and specialist know-how are the key resources for the Company not only for its present service offering but also for the development of new activities.

The services that the Company provides can be divided into the following four types of activity:

- Broadcasting services, meaning services for the terrestrial and satellite transmission of television and radio signals, through the network infrastructure, to the ultimate end users within a geographical area;
- Transmission services, for the transmission of radio and television signals via the connecting network (radio links, satellite systems, fibre optic) and in particular the one-way transport of video/audio/data (a) via analogue or digital circuits between fixed sites and (b) via radiofrequency signals from the satellite within a geographical area of a suitable size, and connected services;

- Tower Rental Services, meaning (a) the hosting of transmission equipment at broadcasting sites of radio, television, mobile telephony and telecommunications signals and (b) services for the management and maintenance of the transmission equipment hosted and (c) complementary and connected services;
- Network services, which consist of a vast range of heterogeneous services which the Company is able to provide in relation to electronic and telecommunications networks in general (for example, planning, construction, installation, maintenance and management activities as well as consultancy, monitoring and radio protection services).

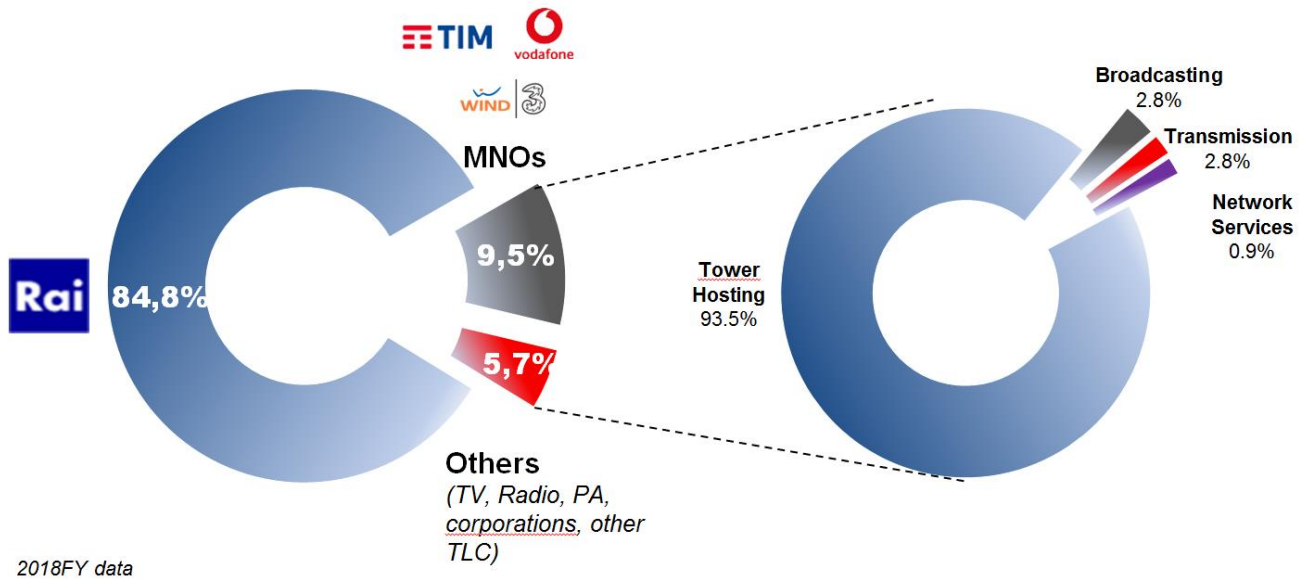
The type of customer that comes to Rai Way for the above-mentioned services can be conventionally classified as: Broadcasters (national and local radio and television broadcasters, including also Rai), Telecommunications Operators (mostly mobile network operators) or Public Administration and Corporate Entities.

The table below compares the portfolio of the services provided to each of the three categories of customers. The services provided to Rai are shown separately with respect to those provided to other Broadcasters, in the light of the special activities carried out on behalf of Rai.

SERVICES		Broadcasting	Trannsmission	Tower Rental	Network Services
CUSTOMERS	Rai Group	●	●		
	National and International broadcasters	●	●	●	●
	Italian TLC Operators		●	●	
	Public Administrations and Corporates	●	●	●	●

Matrix of services and customers

At 31 December 2018, the business of Rai Way consisted for 84.8% of services to Rai. The three MNOs that operate in the Italian market account for 9.5% of the revenue and the Broadcasters (television and radio), the public administration, the other TLC Operators and other corporate customers for the remaining 5.7% (see also Chapter 3 - *Governance* - Management of customer privacy and health and safety).

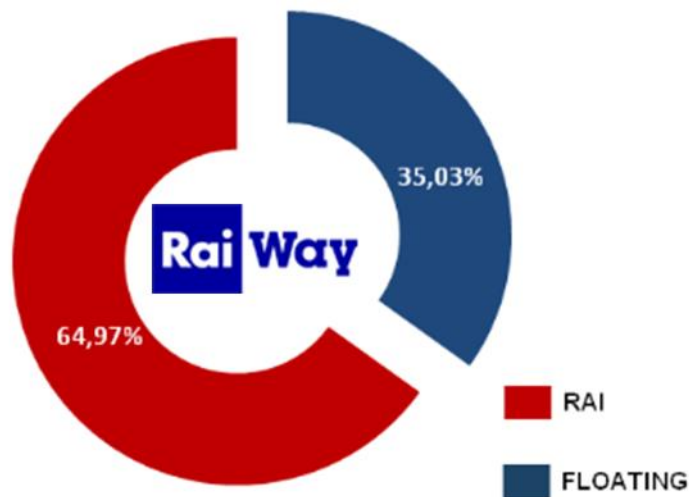


Rai Way customers

2.4 Shareholders and financial community

GRI (102-5)

As at 31 December 2018, approximately 64.9% of the share capital of Rai Way was held by Rai-Radiotelevisione Italiana, while the rest was traded on the stock market.



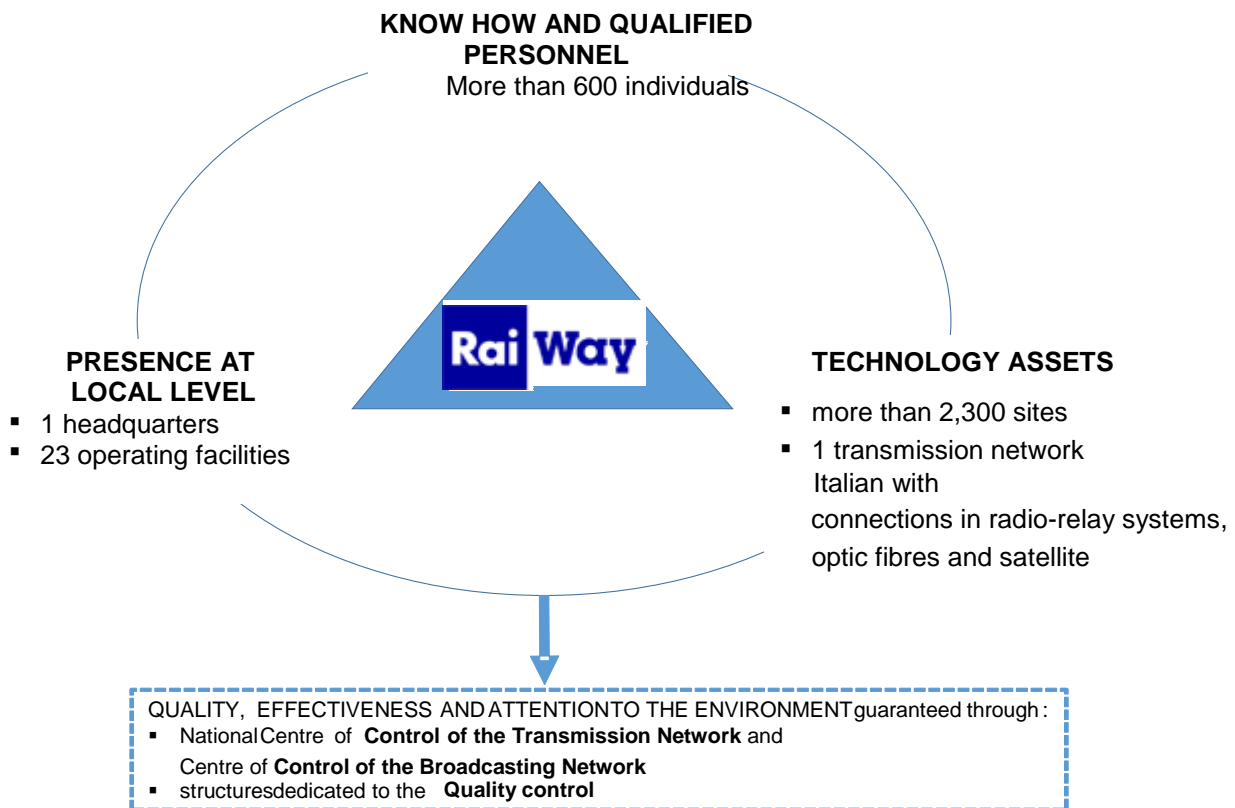
Rai Way share capital

The engagement of Rai Way with the financial community is handled by the Investor Relations & Market Trends function. In 2018, the Company took part in road shows, international conferences and several meetings, individual and in group, also through conference calls. There were also the usual calls/meetings with sell-side analysts and four conference calls to present the quarterly results. The Investor Relations function is also in charge of the constant update of the Investor Relations section of the website, where the documentation of interest for the financial community is placed, as well as the documentation required by law, including, since 2016, the financial statements (see also Chapter 4.1.3 – Communication activity).

2.5 Corporate asset and innovation

From the start of its activity in 2000, Rai Way operates in the sector of the transmission and broadcasting of radio and television signals. Today, it can rely on some assets that make it a reference point in the Italian market and abroad. Among these:

- **know-how and qualified personnel**, which represent a cluster of technical excellence, able to take on the challenges of the market and identify optimised solutions using the wealth of infrastructures of the company;
- **capillary presence across Italy**, with headquarters in Rome, 23 regional offices and more than 2,300 sites across Italy;
- **network infrastructure**, consisting of more than 2,300 sites dedicated to transmission and broadcasting, approximately 150 towers over 50 meters tall, and a transmission network spread throughout the national territory, integrating different technologies like radio, satellite and fibre optic links



Corporate assets and the control of quality and effectiveness

The reference market in which Rai Way operates is characterized by constant changes in the technology used for the transmission and broadcasting of television and radio signals, which requires:

- to develop the skills required for rapidly and fully understanding the needs of its customers, in order to develop its service offer on a timely basis with the aim of establishing a reputation on the market as a full service provider;
- to maintain the proper operating condition of its infrastructure, which requires substantial amounts of capital and long-term investment, included that related to the technological renewal, optimization or improvement of its existing Network;
- to train its personnel on an ongoing basis.

Rai Way, therefore, leverages its technology assets and wealth of knowledge through a constant process of investment, innovation and training, through which it remains constantly projected towards the future of the technologies of the sector.

From the very beginning, Rai Way has adopted and developed innovations in the field of the technologies and services to maintain and improve its quality standards, traditionally already high, leverage its assets, increase the skills of its technicians and engineers and make more efficient the management of the processes.

Rai Way's research, development and innovation activities are multidisciplinary and aimed at identifying, checking and implementing ideal solutions for monitoring and improving the broadcast and transmission network, by collecting data and analysing factors that influence the quality of the service provided to customers and end users. To carry out these activities, Rai Way makes use of collaboration with Rai's Research and Technological Innovation Centre (CRIT).

To make its approach to innovation more structured, widespread and effective, an ad hoc department dedicated to innovation and research was established to prepare the Company for change, to acquire technological skills and new ideas, and to develop new services and new business capacities.

In particular, a process was started to create an eco-system, both inside and outside the company, functional to the innovation, channelling the internal creativity and making possible the dissemination of new ideas and skills. With reference to the external eco-system, we have gradually created a network involving:

- companies focused on innovation, with which we share experiences and skills that may lead to strategic agreements or partnership;
- start-ups, which may become suppliers of solutions or partners in specific projects, to which we have access directly or through university research centres, venture capital companies, consortia, other companies that manage start-up incubators and accelerators;
- research entities, agencies, consulting companies, which may provide support when testing new technologies and partnerships when competing for Italian and international research contract;
- universities active in the research of innovative services and technologies;
- vendors, which may share an interest for specific technologies and the resulting experimental development, taking a share of risks and benefits.

Within the framework of its innovation and research activities, Rai Way develops new services, processes, organizational models and business models to ensure that the Company has a competitive

advantage and is appropriately positioned to face the challenges arising from “disruptive technologies”.

As for the most significant initiatives in 2018, the Company continued experimenting on 5G technology in the 3.7-3.8 GHz range in the Bari and Matera areas, in co-operation with TIM, Fastweb and Huawei, also with the presentation of the user case for the HD television contribution through the 5G network to give a real contribution to the development of the demand for innovative digital services.

In 2018, Rai Way also coordinated a significant and complex technology scouting activity to identify potential solutions for the provision of CDN services able to guarantee high QoE (Quality of Experience) levels, also in view of constantly increasing web-based video and data traffic, both in terms of users and of quality.

The company also started working with important partners of the civil air navigation sector, testing activities in regard to the flight of drones “beyond the line of sight”, analysing the most innovative technologies and services in this context, with the aim of creating a proof of concept.

3. Governance and procedures

3.1 Rai Way governance and organizational structure

GRI (102-18) (102-22) (102-24)

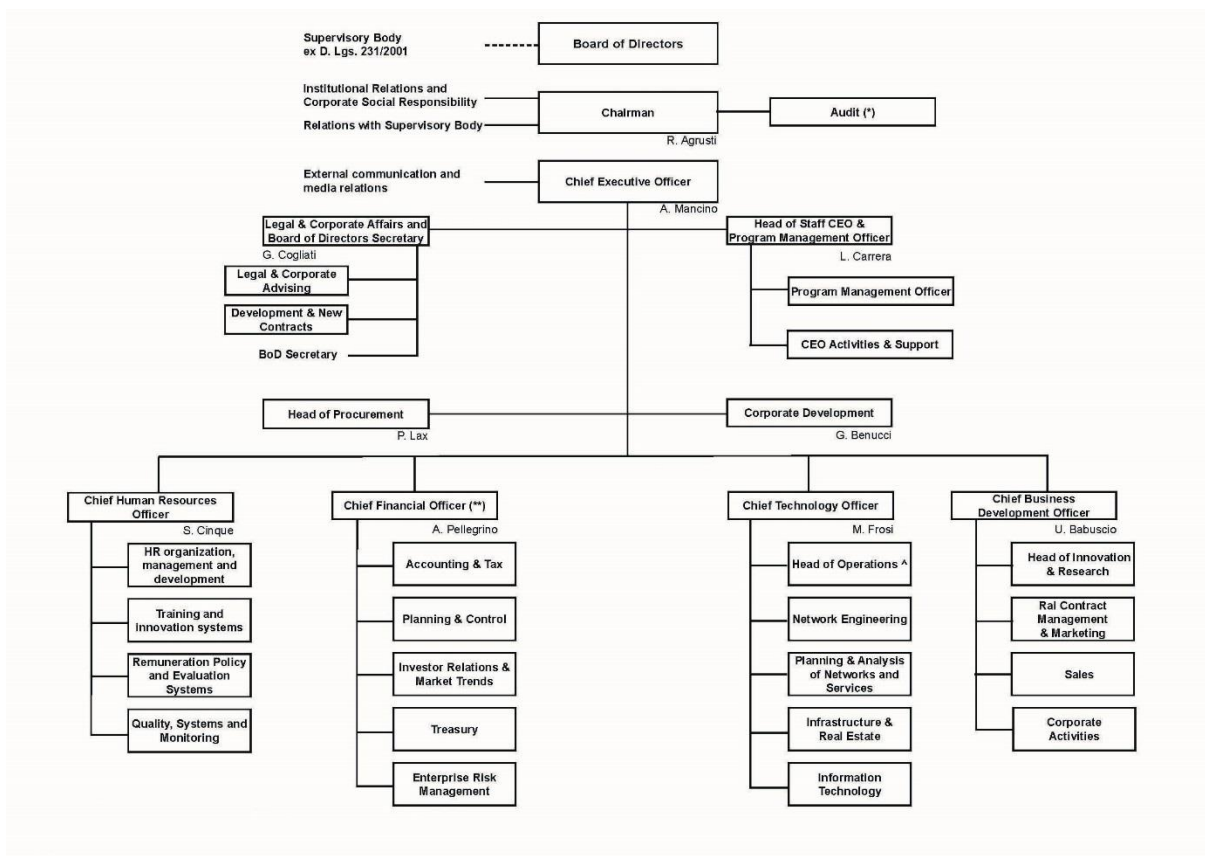
The Corporate Governance System regulating the management and control of the company, in place in 2018, is based on the so-called traditional management system, in line with what already reported for 2017. In such system, the Board of Directors is the management body, while the Board of Statutory Auditors is responsible for the control function. This is also consistent with the provisions of the Corporate Governance Code for listed companies adopted by the company (“Corporate Governance Code”) and with principles recognised as best practice. The system includes the controls aimed at managing the conflicts of interest, increasing the efficiency and effectiveness of the internal controls and ensuring transparency to the market.

The corporate bodies are the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The powers and the operating methods of the corporate bodies are regulated by laws and By-laws, as well as by the internal procedural provisions approved, in compliance with the former, by the corporate bodies within their areas of competence.

With reference to the Corporate Governance System of Rai Way, and the appointment/integration, composition and operation of the corporate bodies, without prejudice to what will be said in the rest of this chapter, we refer to the more detailed description provided in the Corporate Governance and Ownership Structure Report for 2018 (www.railway.it, in the section *Corporate Governance/Assemblea degli Azionisti/Assemblee/Assemblea Ordinaria del 18 Aprile 2019*).

3.1.1 Organizational structure

The organizational structure of Rai Way – aimed at maximising the efficiency of management and creating more value for all Shareholders – is shown in the chart below.



(*) The Head of the Audit Function is also interim Head of the Anti-corruption unit (since 31 January 2019, she is in charge of the Anti-corruption measures)
 (**) Manager in charge of preparing the accounting and corporate documents pursuant to Art. 154-bis of the TUF

Organisation chart as at 31 December 2018

3.1.2 Shareholders' Meeting

The Shareholders' Meeting is the body that expresses in its resolutions the will of the Company. It operates according to the provisions of laws and By-laws and to the Meeting Regulations (www.raiyw.it in the section *Corporate Governance/Assemblea degli Azionisti*).

The Shareholders' Meeting passes resolutions, in ordinary and extraordinary sessions, on matters assigned to it in accordance with the law and the By-laws.

In 2018, the Shareholders' Meeting met once, in ordinary session (see also Chapter 2 – Rai Way: Shareholders and the financial community), with approximately 91.7 % of the share capital attending. During the Shareholders' Meeting, the Board of Directors, through the Chairman of the Board and the Managing Director, reported on the performance of the previous year and on the financial statements submitted to the approval of the Shareholders' Meeting.

3.1.3 Board of Directors

GRI (102-35) (102-36)

The Board of Directors has a central role in the governance system.

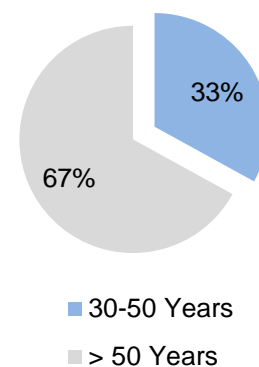
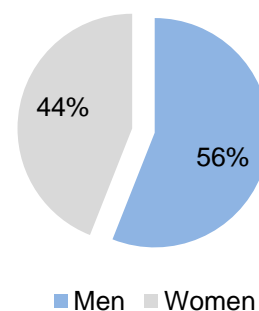
The Board of Directors has all powers of management of the Company and the right to carry out all actions considered necessary or advisable to implement the corporate purpose, with the sole exception of those actions that the By-laws reserve to the Shareholders' Meeting.

According to the By-laws, the Board of Directors must have no less than 5 and no more than 11 members: these must meet the requirements in terms of professional expertise, integrity and independence specified by laws and By-laws, stay in office up to three years and may be re-elected. The ordinary session of the Shareholders' Meeting determines the number of Directors and the term of office within the aforementioned limits; the term of office expires on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of their appointment.

The Board is appointed by the Shareholders' Meeting, based on lists presented by the Shareholders that, alone or with others, hold Rai Way shares representative of at least 2.5% of the share capital with voting rights or of the lower percentage specified by the applicable legal and regulatory provisions (currently 1%, as already at the date of approval of the 2017 Non-financial Disclosure). The composition of the Board must ensure gender balance at least to the minimum extent required by the laws and regulations in force (that is, at least one-third of the members must belong to the less represented gender)It must also ensure the presence of an appropriate number of Independent Directors pursuant to the Corporate Governance Code and at least the minimum number of Independent Directors according to the applicable laws. If a Director leaves for any reason and the Board of Directors must be integrated, the Board of Directors and the Shareholders' Meeting must ensure compliance with the independence and gender balance requirements made by the laws and regulations in force.

The current Board of Directors was appointed at the time of the Shareholders' Meeting held on 28 April 2017 for three years and therefore until the Shareholders' Meeting called to approve the 2019 Financial Statements. Its composition remained unchanged in 2018, with six Independent Directors out of a total of nine members. It complies with the legal and regulatory provisions on gender balance.

LAST NAME	FIRST NAME	POSITION
AGRUSTI	Raffaele	Chairman Board of Directors
MANCINO	Aldo	Officer
BIGIO	Joyce	Director (Independent) Member of the Remuneration and Appointments Committee
COLASANTI	Fabio	Director (Independent) Member of the Control and Risks Committee.
GATTI	Anna	Director (Independent) Chairman of the Remuneration and Appointments Committee
MOSETTI	Umberto	Director (Independent) Member of the Control and Risks Committee
SCIUTO	Donatella	Director (Independent) Member of the Remuneration and Appointments Committee
TAGLIAVIA	Gian Paolo	Director
TAGLIAVINI	Paola	Director (Independent) Chairman of the Control and Risks Committee



Composition of the Board of Directors as at 31.12.2018, by gender and age, and presence of Independent Directors

As already reported in the 2017 Non-financial Disclosure, the composition of Board of Directors in office until the Shareholders' Meeting was also chosen to ensure compliance with the applicable legal and regulatory provisions on gender balance, being the first Board in office after the admission of the shares of the company to the listing on the stock market. It has four Independent Directors and, in line with the applicable provisions, two members of the less represented gender, out of seven members in

total³. In view of the renewal of the Board of Directors at the time of this Shareholders' Meeting, the outgoing Board, taking into account the results of the self-assessment on the size, composition and operation of the Board and Board Committees carried out pursuant to the Corporate Governance Code, has provided to the Shareholders, as recommended by the Code, after hearing the opinion of the Remuneration and Appointments Committee, its own guidelines in regard to the size of the Board and the appropriate managerial and professional profiles of Board members.

In 2018, the Board of Directors again carried out the regular self-assessment process, also with reference to its own size and composition, and confirmed that in its current composition it is in line with the contents of this guideline and believed to be overall appropriate.

The Board of Directors has created from among its members the **Control and Risks Committee**, which also carries out the functions of Related Party Committee, and the **Remuneration and Appointments Committee**. In this regard, we note that, to simplify and make more efficient the governance structure, in compliance with the Corporate Governance Code, Rai Way has decided to gather in one single committee the functions of the Appointments Committee and the Remuneration Committee. The composition, skills and operation of the Committees are regulated by provisions specified by the Board of Directors.

The Control and Risks Committee consists entirely of non-executive and independent Directors. It supports the Board of Directors, with functions of investigation, advice and proposal, on issues related to the internal control system and risk management policies as well as transactions with related parties as provided for in the related party procedure.

The Control and Risks Committee in office in 2018 included:

FIRST AND LAST NAME	POSITION
Paola Tagliavini	Chairman
Fabio Colasanti	
Umberto Mosetti	

The Remuneration and Appointments Committee consists entirely of non-executive and independent Directors. It supports the Board of Directors, with functions of investigation, advice and proposal, in the definition of general policies for the appointment and remuneration of the Directors and top management.

³ in this composition, female Directors represented 28.6% of the total, while, in terms of age, 71.4% of the Directors was older than 50

The Remuneration and Appointments Committee in office in 2018 included:

FIRST AND LAST NAME	POSITION
Anna Gatti	Chairman
Joyce Victoria Bigio	
Donatella Sciuto	

We note that, from the start of 2019 and at the date of approval of this document, the composition of the two Board Committees has changed, with Donatella Sciuto as member of the Control and Risks Committee instead of Umberto Mosetti, who has replaced Donatella Sciuto on the Remuneration and Appointments Committee.

3.1.4 Board of Statutory Auditors

The Board of Statutory Auditors is the supervisory body of Rai Way. It includes three standing auditors and two substitute auditors.

Under the applicable provisions of laws and By-laws, the Board of Statutory Auditors is elected by the Shareholders' Meeting, based on lists presented by the Shareholders that, alone or with others, hold shares with voting rights representing at least the share capital percentage set by the laws and regulations in force (currently equal to 1% of the share capital, as it also was at the date of approval of the 2017 Non-financial Disclosure).

Each list includes candidates for the position of standing Auditor and candidates for the position of substitute Auditor and must present a number of candidates from the less represented gender sufficient to ensure compliance with gender balance rules, at least to the minimum extent required by the legal and regulatory provisions in force (currently at least one-third of standing and substitute members). Two standing Auditors and one substitute Auditor are taken from the list that obtained the highest number of the votes, in the progressive order with which they appear in the list, while the remaining standing Auditor (which takes the position of Chairman) and the remaining substitute Auditor are taken from the list that obtained the second highest number of votes.

If a Statutory Auditor leaves for any reason, the Board of Statutory Auditors is integrated pursuant to the applicable provisions of laws and By-laws, in compliance, among other things, with the principle of gender balance.

All Statutory Auditors must meet the eligibility, professional competence, integrity, and independence requirements specified by the Corporate Governance Code, as well as by law.

At the time of the Shareholders' Meeting held on 23 April 2018, the mandate of the Board of Statutory Auditors appointed by the Shareholders' Meeting on 28 April 2015 had expired. Therefore, at the same Shareholders' Meeting, a new Board of Statutory Auditors was appointed, in compliance with legal and regulatory provisions, to be in office until the Shareholders' Meeting called to approve the 2020 financial statements. The new Board includes:

FIRST AND LAST NAME	POSITION
Silvia Muzi	Chairman
Maria Giovanna Basile	Standing Auditor
Massimo Porfiri	Standing Auditor
Nicoletta Mazzitelli	Substitute Auditor
Paolo Siniscalco	Substitute Auditor

The composition of the Board of Statutory Auditors is consistent with the applicable legal and regulatory provisions on gender balance, having one standing Auditor and one substitute Auditor taken from the less represented gender (however, this has now become the male gender).

3.2 Internal control and risk management system

GRI (102-11) (102-12) (102-15)

The Company has adopted, also in line with the relevant provisions of the Corporate Governance Code, an internal control and risk management 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. The objective of these instruments is to ensure that management of the company is sound, correct, transparent and consistent with the corporate objectives set by the Board of Directors, through an appropriate process of identification, measurement, management and monitoring of the main risk categories. Rai Way considers in its assessments all risks that may become relevant for the sustainability of the activity in the medium-long period.

The ICRMS of Rai Way is integral to the organisational and corporate governance framework, as it is to key element of the entire corporate governance system and plays to central role in the organisation. 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 Integrated Framework of 2013 (Committee of Sponsoring Organisations of the Treadway Commission, Internal Control, Integrated Framework)*, 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 organised in accordance with applicable statutory provisions, are an integral part of the ICRMS.

3.2.1 Main risks to which Rai Way believes to be exposed

GRI (102-12) (102-15)

To monitor the performance and the risks to which the company is exposed, Rai Way monitors regularly some Key Performance Indicators (“KPI”) and the risk factors originally identified in 2014 at the time of the listing and subsequently updated. At the end of 2017, Rai Way also created an Enterprise Risk Management (ERM) Area, reporting to the Chief Financial Officer, conferring to the pre-existing Risk Management function a cross-function significance in the corporate risk management.

In 2018, the company worked towards the implementation of an ERM system, taking as reference the risk mapping carried out in 2014 while drafting the prospectus for the public sale offer and its subsequent updates, preparing a risk assessment analysis with the corporate management and identifying possible mitigation mechanisms, if not already in place. Rai Way carried out these activities in compliance with the guidelines issued by international bodies and with the best practice of other companies to ensure greater transparency and information on the business risks and to respond effectively to the regulatory measures that require companies to acquire appropriate governance models.

The main risks to which Rai Way believes to be exposed at the time of the drafting of this document are indicated below, grouped by relevant issues (governance, environment, social) for the purposes of Legislative Decree No. 254/2016,

In regard to the remaining aspects, related to these issues but not specific of the business sector in which Rai Way operates, the company implements all actions necessary to ensure compliance with laws and regulations in force, to avoid, as much as possible, penalties and/or reputational damage (for example update of the internal customer privacy management system, in compliance with the provisions of EU Regulation No. 2016/679).

Governance

Compliance risk concerning corporate governance

The company is exposed to the risk of non-compliance with the laws and regulations on Administrative Liability of legal persons (Legislative Decree 231/2001), including the risk of passive corruption. In particular, the Three-year Anti-corruption Plan (PTPC) lists all relevant areas of application for Rai Way and, as can be inferred from the objectives stated in the PTPC, the risks of corruption associated to these. The PTPC describes the measures taken to manage these risks and the penalties for the transgressors.

- Awarding of work, services and supplies: in this context, risk may arise from the creation of situations that advantage some of the participants in tenders with multiple participants or in facilitating an economic operator in the context of a direct negotiation as a result of activities carried out to this purpose or of unlawful agreements or acts related to the inadequate execution of the tender procedures or in the failure to monitor the respect of contractual obligations by the supplier.
- Hiring and promotion of personnel: risk may arise from corrupt agreements aimed at hiring and/or promoting individuals who fail to meet the necessary requirements. Other risks concern

the lack of impartiality in the execution of tasks by executives, officers and contractors for which there is incompatibility or conflict of interest.

- Legal Affairs and disputes: risk may arise from a failure to ensure the correctness, transparency and traceability of the relations with bodies/authorities with criminal jurisdiction or with powers of judicial investigation or inspection as well as the risk that the consulting or legal counsel activities provided to Rai Way S.p.A. may not be carried out in compliance with applicable laws and regulations (Anti-corruption Law, Code of Ethics, Model 231, PTPC).
- Management of revenues, expenses and assets: in this area, risk may arise from a failure to ensure that the accounting entries are made with the appropriate authorisations or that they are correctly recorded for the purposes of the correct drafting of the financial statements or that they give a correct representation of the activities.

With reference to compliance issues, we also note the risk of violations of internal regulations (failure to comply with the Code of Ethics, breach of policies/procedures/powers and delegations granted) and/or unlawful conduct to the detriment of Rai Way.

The company is also exposed to compliance risk in regard to the General Data Protection Regulation (EU Regulation 2016/679): in this context, we note that, in 2018, the internal privacy management system was updated in compliance with the provisions of the afore-mentioned EU Regulation.

Lastly, there is compliance risk in regard to Market Abuse. The company monitors this risk by adopting a Code of Conduct on internal dealing which regulates, in compliance with the legal and regulatory provisions in force, the management, processing and dissemination of the information related to transactions on financial instruments issued by Rai Way, or other financial instruments to these related, carried out by “relevant parties” (“insiders”) and by the individuals to these strictly related. For the dissemination of Regulated Information, Rai Way S.p.A. makes use of the circuit 1INFO-SDIR. The company has also defined a procedure for the management of inside information, which includes the creation of a register of persons with access to inside information.

Environment

Risks related to environmental protection and electromagnetic radiation

Any breaches of the applicable environmental rules could have negative effects on the Company's results of operations, financial position and cash flows.

Rai Way is subject to articulated regulations, at the Italian and EU level, aimed at the protection of the environment and health. These include provisions setting limits for the exposure to electro-magnetic fields, creating the obligation to adopt suitable measures to mitigate the damaging effects that may derive from this exposure to the health of citizens and employees. The compliance with laws and regulations represents, at any rate, one of the conditions to obtain and maintain the licences and concessions to the installation of equipment releasing electro-magnetic radiations.

Although the company strives to comply at all times with the relevant laws and regulations, as also proved by the certifications ISO 14001:2015 and OHSAS 18001:2007, violations of these laws and regulations could expose the company to relevant costs, which have not been budgeted and also result in fines being imposed and damage claims being filed by third parties. Violations of the laws and

regulations in force could also involve restrictions on the activity of Rai Way, due to the temporary inactivation of the Plants, transfer of the sites or restrictions of different type on its activity.

In addition, if the public perception of health risks from exposure to electro-magnetic radiations were to increase, the activity of the company, even if carried out in compliance with applicable laws and regulations, could be restricted as a result of measures adopted by the relevant authorities, which would result in higher costs to ensure the compliance of the network with the changes demanded.

The risks described above could, therefore, have a negative effect on the activity and on the economic and financial situation of the company.

The activities of the Rai Way customers operating at its transmitting sites are also subject to articulated regulations at the Italian and EU level, with particular reference to those aimed at protecting individuals and the environment from exposure to electro-magnetic fields. The failure by the Rai Way customers to comply with the requirements of the relevant authorities could have an indirect impact on the activity of Rai Way.

This includes the interruption of the activity of transmission with negative effects on the Company's revenues and, as a consequence, on its revenues, financial position and cash flows.

We refer to Par. 4.2 for more information.

Social

Risks related to the health and safety of employees

The main risks to which some Rai Way employees are exposed are related to activities carried out at the transmitting sites and in particular:

- to the "mast climbing", that is, personnel climbing over the pylons or towers that represent the infrastructure for broadcasting and transmission masts for inspection, maintenance or installation purposes;
- to the exposure to nearby electro-magnetic fields (NIR);
- to the travel by corporate vehicles to the transmitting sites, in the context of ordinary plant maintenance activities.

The OHSAS 18001:2007 certification obtained by Rai Way and the corporate policies adopted in this area are mitigation instruments that the company believes to be effective.

Risks related to personnel management

The company believes that it can rely on management and technical personnel with proven, extensive experience.

The results achieved by Rai Way depend also on the contribution of some employees who hold important positions within the company: these have significant experience in the reference sector and, in some cases, have had a key role in its development.

With reference to personnel management, there is risk arising from the loss of key personnel and/or critical skills. In fact, the activity of the company depends also on the ability of attracting, retain and

internally increase qualified personnel, specialised in the technologies related to the transmission of the radio and television signals. Although Rai Way pays significant attention to the training and professional growth of its personnel to develop internally the skills necessary to each corporate function, if the relation between the company and the management, or specialised technical personnel, is terminated for any reason, there are no guarantees that the company will be able to replace these employees with equally qualified ones or that the new employee will be able to give the same professional contribution in the short term. This could affect the ability of the Company to fulfil the agreements of which it is a party and have negative effects on its activities and its economic and financial situation.

Other risks arising from personnel management refer to potential difficulties of attracting new talents, being understood that the corporate policy provides for the signing of appropriate contractual forms and programs have been launched to encourage early retirement for an organic generational change. It is also possible that the skills of the human resources available may not be in line with expectations: the company mitigates this category of risk through an intense training activity as described in Par. 4.3.3.

Risks related to industrial relations

Although Rai Way has normal relations with the trade union representatives, regulated by the set of rules on the issue, there is, even if minimal⁴, a risk of strikes as typical consequence of actions adopted by the company for the reorganisation of the work or for other cause.

Strikes, interruptions of the working activity or other forms of trade union action, even if carried out in compliance with the applicable legal and regulatory provisions and with the afore-mentioned agreement with the trade unions, or any deterioration of the relations with the employees, causing an interruption of the activity, could affect the service offered to the customers and have negative effects on the activity and the economic and financial position of Rai Way.

Risks related to employee discrimination and human right violation

The risk of discrimination of the employees based on distinctions of age, gender, sexual orientation, race, language, religion, nationality, political opinions and trade union affiliations, personal and social conditions is mitigated by the obligation to comply with Code of Ethics, as well as by the existence of a Rai Way Equal Opportunity Committee created in application of the Collective Labour Agreement of the Rai Group and current Italian and EU laws and regulations.

The risk of human right violations at the expenses of employees or contractors by natural or legal parties that have with Rai Way business relations as suppliers, customers, or other parties is mitigated, within the area of competence of Rai Way, by the request to present documents to prove that these rights have been respected.

An example of this is the Certification of Social Security Contributions that Rai Way asks its suppliers to provide before issuing authorisation to the payment for the services provided/goods supplied.

⁴ Based on the assessment on the indicator of the number of strikes occurred in the last two-year period

3.2.2 Model 231 and Anti-corruption controls

GRI (205-1) (205-2) (205-3)

Rai Way has adopted the Management and Control Model pursuant to Legislative Decree no. 231/2001 (BOX) and the Code of Ethics, which is an integral part of the Model 231. The **Code of Ethics** contains the principles of ethics and conduct that are to underlie the work of those who operate or otherwise interact with Rai Way on an ongoing or temporary basis, taking account of their respective roles, the complexity of their functions, and the responsibilities assigned in order to pursue the goals of the Company. The principles contained in the Code of Ethics supplement the rules that the Company and those who work within or with the organisation are required to follow as defined by applicable laws and regulations.

In view of the provisions carried in the original formulation of Law 190/2012, the Board of Directors of Rai Way has adopted in January 2015 a Three-year Anti-corruption Plan ("Plan") inspired to the National Anti-corruption Plan, as far as this is applicable to the Company. As a result of subsequent changes in laws and regulations and the indications of the Guidelines issued by A.N.A.C. (in particular with reference to public listed companies), Rai Way, even in the absence of a specific regulatory obligation and, therefore, on a voluntary basis, has updated this Plan once a year. The last update of the Plan was approved by the Board of Directors of Rai Way on 31 January 2018. On 28 January 2019, the Board of Directors approved an Anti-corruption Policy, in place of the Plan, effective 31 January 2019. The Policy carries measures that integrate the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 in regard to the categories considered by Law 190/2012. The Anti-corruption Policy adopts an approach of fundamental continuity with the Plan, increasing integration with the other instruments adopted by the company (Model Legislative Decree 231/2001, Code of Ethics). It provides, in particular, for a direct involvement of the Supervisory Board pursuant to Legislative Decree 231/2001 and maintains in any case an internal organisational control by creating a corresponding corporate contact point. In continuity with the Plan, this contact point was identified in the Head of the Audit function, who, with the coordination of the Supervisory Board, pursuant to Legislative Decree 231/2001, verifies the suitability and actual application of the anti-corruption measures (since 2015 to 2018, the Head of Audit has also been in charge of the prevention of corruption).

The measures to prevent corruption adopted by the company with the approval and update of the Plan and, effective from 31 January 2019, of the Anti-corruption Policy, specify an internal system for the

Areas at risk of corruption

The corruption risk assessment has identified 15 areas at risk and, in their context, different sensitive activities, as reported in Ch. 7 of the Anti-corruption Plan (available on the website of the company in the section *Corporate Governance/Etica e Compliance/Società Trasparente*):

- development and management of network infrastructures
- sales development and customer management
- communication and promotion
- provisioning
- management human resources
- management property and services
- legal
- internal auditing
- provision transmission and broadcasting service
- finance and treasury
- administration and financial statements
- taxes
- health and safety in the workplace, environment and security
- institutional relations
- management of corporate obligations

control and prevention of the risk of corruption, integrated with the other “control governance” tools (Code of Ethics, Model 231 in box), introducing additional measures or strengthening the existing ones, with a coordinated action for a more effective fight against corruption and illegality.

The Model 231, the Anti-corruption Plan and, in 2019, the Anti-corruption Policy were presented to the members of the Board of Directors for approval, on adoption and update, always in the presence of the members of the Board of Statutory Auditors. These documents (including the Anti-corruption Policy) were circulated among the employees of the company by making them available on the corporate intranet.

In 2018, a classroom-based training initiative was organised for Rai Way executives and managers in charge of 231 and anti-corruption issues. The training was focused on the reporting flows concerning the corporate activities carried out in the context of the areas of risk also with a view to increase their integration. The communication of the Code of Ethics, the Model 231 and the anti-corruption measures to Rai Way suppliers, business partner and contractors is ensured by adding to the purchase, sale and consulting/co-operation agreements specific safeguard clauses which require the counterparties to state that they have reviewed these documents on the Rai Way website and have complied with them during the execution of the agreements. Compliance with these clauses is a contractual obligation pursuant to Art. 1456 of the Italian Civil Code. In 2018, there were no instances of corruption established or confirmed nor pending disputes or criminal proceedings concluded based on corruption offences involving the company, its management or employees.

Organisation Model pursuant to Legislative Decree No. 231/2001

Rai Way adopts an Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001, which was approved by the Board of Directors in 2006 and updated over time according to the new provisions and the evolution of the organisation. Rai Way's Model 231 conforms to:

- the indications in Legislative Decree no. 231/2001;
- the “*Guidelines for the Construction of Organisation, Management and Control Models pursuant to Legislative Decree 231/2001*” of Confindustria, and, in particular, to the components of a prior control system;
- the Code of Ethics adopted by Rai Way;
- its own corporate governance model, as well as principles of business administration and management, implemented in Rai Group, which Rai Way has also decided to adopt.

The recipients of the Model 231 are all those who:

- have representation, administration or management functions in the Company or one of its organisational units or staff area, or else who, without having a formal investiture, exercise, formally or de facto, the management and control thereof;
- are subject to the management or supervision of one of the parties mentioned above (all other Company employees operating in the organisational units or staff area);
- without being part of Rai Way, work to achieve the purposes and objectives of the Company (external associates, customers/suppliers, partners, etc.).

The Rai Way Model 231, specified according to the best practices concerning Legislative Decree 231/01, sets organisational, technical and management measures, through the definition of specific protocols and organisational procedures, for all corporate areas exposed to the risk of committing the offences specified by the Decree.

In April, the Rai Way Board of Directors approved an updated version of the Model 231 in the light, in particular, of changes occurred in the legal framework (for example Legislative Decree 38/2017, which has modified the offence of corruption between private and introduced the new category of instigation to bribery among private individuals; Law 30.11.2017, No. 179 on “whistleblowing”) and for the purposes of alignment with respect to the evolution of the corporate organisation.

The Supervisory Board of Rai Way, appointed by the Board of Directors, monitors the effectiveness, compliance and need for update of the Model. The Supervisory Board reports constantly on the results of its activity through regular reports (excluding emergencies) to the Board of Directors and the Board of Statutory Auditors. As a result of the expiration of the three-year mandate of the previous Supervisory Board, the Board of Directors has appointed in 2018 for the next three-year period the Supervisory Board in the following composition:

FIRST & LAST NAME	POSITION
Alberto de Nigro	Chairman, external member
Maria Giovanna Basile	Standing Auditor of the company
Angela Pace	Head of the Audit Function of the company

3.3 Management of privacy, health and safety of customers

GRI (418-1) (416-1) (416-2)

The Rai Way policy on the protection of the privacy by the company and third parties complies with the applicable legal provisions, notably Regulation (EU) 2016/679 and Legislative Decree No. 193/2006 as amended by Legislative Decree No. 101/2018, both in terms of organisation and of compliance with safety measures. In particular, besides the appointment of some external data processors, the internal organisational system provides for the appointment by the Data Controller (confirmed to be the Managing Director, after an alignment of the corresponding delegated powers carried out during the year due to new relevant provisions) of Data Processors, which are provided with detailed operational instructions and recommendations for the compliance with laws and regulations and are required to regularly update the section of the processing log that refer to their own corporate unit.

Always from the point of view of the internal organisation, in 2018 a permanent working group was created to ensure constant monitoring and update on the corporate processes in line with the provisions of Regulation (EU) 2016/679 and in general with the relevant provisions on personal data protection.

In 2018, the working group supervise the update of the clauses of Rai Way contractual standards and the adoption of the following procedures:

- **“Procedure for the exercise of the rights of the data subject”**, which defines the methods and measures to handle the requests made by data subjects for the exercise of their rights, and specifically: right of access to the data, right of rectification, right to be forgotten, right to restrict the processing, right to data portability, right to object pursuant to Art. 15, 16, 17, 18, 20, 21 of Regulation (EU) 2016/679;
- **“Procedure on the exercise of the right to personal data portability”**, which specifies in detail the operational methods for the exercise of the right specified by Art. 20 of Regulation (EU) 2016/679;
- **“Procedure for the management of personal data breaches”**, which specifies the rules of conduct, responsibilities and actions in the event of violations of the confidentiality, integrity and availability of personal data, in compliance with the obligations of notification to the Privacy Supervisor and communication to the data subject, in compliance with the provisions of Art. 33 and 34 of Regulation (EU) 2016/679.

In 2018, in line with the previous year, as also reported in the corresponding Non-financial Disclosure, no complaints were made concerning the violation of customer privacy and the loss of personal data.

In terms of customer health and safety, given the nature of the services provided by Rai Way, there were no cases of non-compliance with voluntary regulations and codes concerning health and safety impacts of the services during their lifecycle, in line with what was already reported for the previous year.

3.4 Management of information with reference to “Market Abuse”

The Board of Directors has approved special provisions and procedures to put in place the necessary organisational controls for the management of confidential and inside information and the maintenance of the register of the persons with access to inside information. These were in force in 2018 (as they were in the previous year, as indicated in the 2017 Non-financial Disclosure).

The objective of these provisions is, in particular, to take into account the legal and regulatory provisions on “market abuse” and 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 Code helps protecting the market and investors by making sure these have sufficient knowledge of Rai Way’s affairs to make informed investment decisions. The Code also aims at preventing any person or category of persons from using information unknown to the public in order to conduct speculative trades, to the detriment of investors who are not privy to such information.

Pursuant to these laws and regulations, the company has also adopted a procedure concerning the obligations deriving to members of the corporate bodies and managers (“relevant parties”), as well as to the individuals “closely related” to them, in connection to the execution of transactions on shares or other financial instruments issued by the Company or related to this, with the purpose, in particular, of ensuring transparency of the information provided to the market. In 2018, the Board of Directors approved an updated version of this internal dealing procedure, providing, in particular, some clarifications with respect to the previous version, issued in July 2016 and in force also in 2017, on account of some Italian legal provisions and EU implementing interpretations on the applicable regulatory provisions.

4. Rai Way's commitment to sustainability

4.1 The commitment of Rai Way towards the territory

GRI (102-7)

Rai Way operates over the whole national territory, with a well-organised, extended and complex network, that to date, covers more than 99% of the population. It can provide services on terrestrial and satellite platforms, using both analogue technology and digital technology that allows for the contemporary distribution and broadcast of different content in different areas of the territory, fitting the necessary capacity to customer requirements.

The widespread presence in the territory is therefore an elements that strongly characterises Rai Way.

As noted in paragraph 2.1, Rai Way now has:

- over 600 employees in all the regions;
- over 2,300 sites in the territory;
- large sites in strategic positions;
- a wide reach at the level of rural areas;
- 1 general headquarters in Rome, 23 territorial branches and 2 control centres in Milan and Rome.

This widespread presence puts Rai Way at the centre of a network of relations with various national and local stakeholders such as territorial entities and institutions, local suppliers and companies, schools, citizens and the environment in the broad sense, with whom various types of dialogue, conversation and mutual growth have developed and consolidated over the years.

4.1.1 Community relations

GRI (413-1)

Given the widespread presence in the territory, and aware of its responsibility in economic, social and environmental terms, Rai Way has strengthened relations with the various players in the territory over the years, including in terms of corporate social responsibility. More specifically:

- it has consolidated relations with schools and universities to encourage young people to approach the world of work, and support growth through the school-work training programme and internships with the Company;
- it has also supported certain non-profit associations to help promote and monitor social themes recognised as being particularly relevant.

SCHOOLS AND UNIVERSITIES

- School - Work Training Programme and experience Summer JOBS and Summer CAMP
- Curricular and extra-curricular internships
- Agreements with the University network

VOLUNTARY SECTOR

- Relations with the Caritas Roma charity for charitable projects

Projects with local communities, schools, universities and the voluntary sector in 2018 (see Chapter 2 Rai Way/innovation; 4.3 - Human Resources/Welfare)

4.1.2 Sustainable procurement of supplies and procedures open to public scrutiny *GRI (102-9) (407-1)*

The Rai Way purchase processes are aimed at meeting the requirements of the company in accordance with affordability, quality and efficiency, favouring contractual relations with economic operators who fulfil morality and reliability requirements pursuant to prevailing laws and internal instructions.

In 2018, the Company - in accordance with its nature as a listed company for the purpose of special laws that apply to public companies who issue shares and operate on regulated markets in accordance with articles 1, paragraph 5 and 2, paragraph 1, letter p) of Legislative Decree 175/2016, and in line with its position as a “public enterprise” in accordance with article 3 paragraph 1 letter t) of the Code of Public Contracts pursuant to Legislative Decree 50/2016 - confirmed its determination, as a matter of principal, to apply the public scrutiny provisions pursuant to articles 4 and 15 of the above-mentioned Code, with reference to the contractual activities carried out in the interests of RAI, or for activities exclusively (or in any case to a prevalent extent) and directly related to the performance of the service contract with RAI itself in relation to the public radio and television services it has been entrusted with, but operating on a private basis outside that area, and therefore, especially for activities aimed at the creation of commercial and industrial projects aimed at providing services to third parties, and for those aimed at meeting its own organisational and functioning requirements and within the Company, also as an issuer of listed shares on the stock market.

To that end, in 2018, Rai Way adopted the specifications and detailed internal instructions governing the procurement of supplies related to contracts that are not open to public scrutiny, and for these, maintaining the basic principles of effectiveness, efficiency, competitiveness and transparency that characterise all the entrepreneurial activities of the company.

There is an extended system of controls of suppliers that include their morality and reliability profiles and that can involve, in the most serious cases, decisions to exclude the companies from tenders, and if necessary, reporting them to the applicable Supervisory Authorities in relation to the type of procurement (A.N.A.C and AGCM (Competition Authority)).

In 2018, there were no particularly significant negative corporate impacts, current or potential, in the supply chain, and there were no weaknesses regarding the correct exercise of freedom of association and collective contracts, incidents of underage or forced and/or obligatory work.

More specifically, the procurement procedures allow cooperation between small and medium enterprises to encourage association between them, both in the form of temporary groupings and as consortiums, and as cooperatives between workers both in the form of company networks and territorial localisation.

There will not be inconsistent invoicing instructions for whatever business combination these companies decide to use to take part in the procedures that would constitute unjustified barriers to taking part with regard to possession of the requirements for admission to the tenders. This should allow a number of different parties to take part through associations between operators that can be easily created in order to favour their participation. Similarly, collective contracts can be made by the offering parties, provided that the minimum bid or the amount set as the starting point of negotiations are estimated from the planning stage, with a specific assessment of the labour costs and the obligation to expressly indicate this amount to ensure fairness and exclude anomalous bids that do not comply with the minimum contractual standards established by the collective autonomy.

The territorial dimension of procurement is also evaluated in accordance with the local business realities, favouring their participation in negotiations and encouraging purchase procedures that protect small and medium sized enterprises.

In the final quarter of 2018, in accordance with the law, Rai Way also implemented, its e-procurement system which will make the procurement process more efficient, reducing procedural and negotiating times, reducing charges for suppliers and simplifying the documentation and allowing most of the paperwork and associated filing and disposal issues to be eliminated through electronic storage.

Procurement in 2018

GRI (204-1)

The data on the procurement of supplies refers to:

- Supplies governed by contract at a centralised level, mainly in relation to maintenance of the network infrastructure, the development of new projects for customers, services, utilities, rents and other costs;
- Decentralised procurement of supplies managed directly by the territorial divisions, due to their strongly localised, definite and non generalisable nature, and other residual purchases related to the immediate fulfilment of operating requirements for marginal amounts.

Types of procurement	Contract amounts €	% of the total	Number Suppliers
Centralised purchases	68,079,406.10	90%	293
Local purchases and other	7,157,596.24	10%	601
Total	75,237,002.34	100%	894
of which the leading 5 suppliers	24,877,625.84	33%	

Rai Way suppliers in 2018

The total value of the contracts entered into in 2018 amounted to 75.2 million euros, allocated among about 900 suppliers, mainly managed on a centralised basis by the Corporate Head of Procurement which manages 90% of supplies.

With reference to the centralised purchases, 87% of the suppliers with contracts in 2018 were Italian, especially with S.r.l. and S.p.A. legal structures, and mainly operating in the following activities:

- rental of satellite connection circuits and services;
- supply of transmitters, repeaters, radio bridges, antennas and telecommunication devices;
- electricity supplies;
- construction of building works, constructions and renovations;
- logistics services and general performance services.

The geographic distribution of the suppliers with contracts at centralised level ensures that all regions in the territory are covered. Starting from 2014, a list of Rai Way suppliers was established, as an addition to the Rai Register/List, for specific supplier categories falling within the range of services relating to architecture and engineering, which is being updated in 2019.

4.1.3 Communication activities

In order to encourage constant dialogue with the main stakeholders, Rai Way has developed and updates various instruments and content for communication purposes and awareness-raising. Communication is aimed at the following: shareholders, the financial community, employees, press and mass media, representative associations, business customers, end-users and local communities in general⁵.

Some of the instruments and forms of dialogue adopted by Rai Way through the year are shown below.

The Internet website www.raiway.it

www.raiway.it is the main instrument of communication of the Company, and is therefore aimed at a range of different stakeholders.

The content of the website meets obligatory communication requirements, in line with the law on listed companies, and also gives provides information on the strategic guidelines and other news from the Company.

During the year, the relevant financial documentation was made available on the website to coincide with the ends of the quarters, in addition to interim financial statements and the annual financial statements (with these also available in a browsable version), promotional documentation created for the shareholders' meeting and all the documentation on the Shareholders' Meeting.

News on the staff hired during the year was also punctually and consistently updated during 2018.

⁵ With respect to communications to employees, see the chapter on Human Resources, towards shareholders and the financial community, see the Rai Way chapter - The shareholders and financial community and for projects with schools and the local community, see the paragraph on "relations with the local community" in this chapter.

Participation in associations and events

GRI (102-13)

Rai Way is registered with various trade associations and is a member of international representative bodies.

The main associations that Rai Way belongs to are listed below:

- ANFoV – National Association of Suppliers of Video-audio-information
- UNINDUSTRIA – Industrial and Enterprise Union
- ASSONIME – Association of Italian Joint Stock Companies
- I-COM – Institute for Competitiveness
- BNE – Broadcast Networks Europe
- ITU – International Telecommunication Union
- ASSTEL - Telecommunications Association

In its capacity as an active member, reliable and core partner representing European broadcasters, Rai Way takes part at national and international events each year, and also hosts committee delegations.

The Company intends to continue to attend events, congresses and round table events in order to consolidate its market position and help find possible partnerships and networks of interest.

Communication to the media

The media is a significant liaison for Rai Way for its role as a mediator between the Company and some of its most important stakeholders, and is therefore of fundamental significance for the construction of the Company's reputation. Over time, Rai Way has consolidated its relations with the press and media to increase its visibility and reputation, especially with respect to the market authorities, shareholders, financial interlocutors and not least, public opinion. To date, relations with the press and media mainly involves sending press releases, publishing news on the website and meetings with the media.

During 2018, the continued management of press relations led to the publication of articles giving visibility to the activities carried out by Rai Way, especially its relations with the press and media which mainly involves sending press releases, publishing news on the website and meetings with the media. The most significant communication activities include the organisation of the Shareholders' Meeting of Rai Way, held on 23 April (see also Chapter 2 - Rai Way/shareholders and the financial community), publication on the company website of the relevant financial documentation at the end of each quarter, and the update of the annual financial statements which are also browsable.

There were also specific activities carried out involving listening continuously to local media to monitor the ordinary management of activities in the territory and at events that required special attention.

4.2 Rai Way's commitment to the environment

In the pursuit of its objectives, Rai Way operates by considering the right balance between operational requirements and environmental sustainability, therefore operational activities are carried out with a constant eye towards safeguarding the environment. The corporate goals, in line with the internal policies, and the strategies and Code of Ethics of the Group, revolve around compliance with prevailing law and internal procedures on environmental protection.

The nature of the Rai Way activities is closely related to environmental protection with respect to health and safety. Rai Way is attentive towards protecting the environment, the health and safety of its workers and respect for the public who live near the areas where its stations are located, and constantly strives to improve. As a protection to the public and the workers, Rai Way also defined two processes that provide for the implementation of an Integrated Management System, added within the scope of the ISO 14001 environmental certification regarding the public and OHSAS 18001 regarding workplaces.

More specifically, the monitoring and assessment of the risks related to the protection of the environment is a strategic factor for the development of the company; Rai Way adopted an Environmental Management System in 2008 which has been certified in accordance with ISO 14001:2015 and allows for and facilitates the identification and assessment of the environmental impacts resulting from operational activities. For each environmental impact identified, the materiality will be assessed through an analysis of various factors of significance, and if necessary, the following mitigation actions will be implemented.

In summary, by adopting that system, the Company mainly intends:

- identify and manage the environmental aspects in addition to the risks, in accordance with prevailing laws and regulations;
- keep the staff and stakeholders constantly informed and trained to ensure higher awareness of how to manage the above-mentioned aspects;
- cooperate with local entities and authorities;
- involve the suppliers in assessing environmental criteria.

In 2018, Rai Way renewed the certification of its environmental management system (ISO 14001); it was found to have adopted the system efficiently and effectively, after a cycle of internal inspections carried out by internal staff, involving the entire territorial areas, along with same checks carried out by an independent third party. More specifically, various



To adopt an Environmental Management System and related internal and external control mechanisms to lead to a significant improvement over time in internal efficiency, both from the organisational and strictly technical standpoints. The systematic monitoring of regulatory obligations, payment schedules and consumption, constantly kept under control and managed in a timely manner with effective multi-divisional sharing. The Environmental Management System has by now become part of company procedures and practices, ensuring that everybody working in the company is aware of resource consumption and the need to protect the environment.

surveillance visits were made by third parties at some of the regional offices, identified on the basis of criteria relating to geography, size, and environmental vulnerabilities. Systems with different sizes, characteristics and materiality of environmental impacts were analysed during the inspections.

Environmental issues of relevance for Rai Way are: energy consumption and energy efficiency, waste management, non-ionising radiation (NIR), gases that harm the ozone layer and external noises.

The Company is subject to wide-ranging regulations at national and EU level for each of these aspects, and compliance with the law is one of the conditions to obtain and maintain the licenses and permits to install the equipment and systems.

Rai Way also generates an environmental impact in terms of occupation of the ground with consequent impacts on the views and the landscape.

Management and certification systems

- Integrated Environmental, Health and Safety Management System
- ISO 14001:2015 certification issued by CertiW.srl
- OHSAS 18001:2007 certificate issued by CertiW.srl

With a view towards the protection of the environment and health and safety, Rai Way constantly works to reduce its environmental impact. More specifically, work is carried out to replace worn out transmission equipment with more efficient equipment and to improve electricity consumption and specific systems are introduced to reduce energy consumption from primary sources.

4.2.1 Energy consumption and energy efficiency

GRI (302-1)

The energy efficiency of systems, especially electricity systems and signal broadcasting and transmission systems, is one of the environmental issues that the Company has paid most attention to in recent years.

The need to update the stations in the various technological areas led Rai Way towards making a precise assessment of the option to use energy efficient systems in order to progressively reduce consumption and operating expenses, and to recycle materials in order make the stations more sustainable and environmentally friendly.

Thanks to technological innovations, the main manufacturers of transmitter equipment nowadays provide systems that maximise energy efficiency to keep the same radio spectrum levels using less electricity.

Direct and indirect energy consumption

Direct energy consumption mainly involves the following activities:

- **Mobility:** fuel for the use of company cars, including, for 2018, the amount relating to vehicles used for private and business purposes;
- **Heating:** the diesel for heating large places where staff have to work;

- **Operation of the power generators:** the diesel to fuel the emergency power generators that enter into operation if there is not fuel from the grid to ensure operational continuity of the equipment.

The indirect consumption of energy basically involves industrial scale electricity used to fuel the transceiver equipment.

Electricity consumption is the most significant portion of overall energy consumption and relates to the operation of the equipment, fuelling the transmission stations, the broadcasting and the backup systems; in 2018, overall consumption was essentially stable compared to the previous year.

Consumption in the regional offices and the Rome office for air conditioning, heating and light is very low compared to the consumption of the stations and are in the offices owned by the controlling shareholder, Rai S.p.A.⁶.

The production of electricity from renewable sources, by using solar panels in some of the transmission and broadcasting stations is limited.

Consumption	u.m.	2018	2017	Gj	
				2018	2017
Diesel for heating systems and fuelling power generators	litres	119,503	221,000	4,302.1	8,054.40
Diesel to fuel the service cars used by the employees	litres	461,652	423,406	16,619.3	15,431.20
Unleaded petrol to fuel the service cars used by the employees	litres	49,757	44,268	1,593.4	1,326.80
Electricity to fuel the stations	KWh	82,953,572	83,034,481	298,560.0	298,924.10
Total consumption				321,074.8	323,736.60

The sources, main recipients and consumption of energy and natural resources of Rai Way

⁶This consumption is not included in the data in this document since it is not very significant and would have to be reported on the basis of estimates and not in accordance with precise monitoring figures.

GREENHOUSE EFFECT, CARBON DIOXIDE AND GHGs

Greenhouse gases (GHGs) are created naturally and by human activities, remaining in the upper strata of the atmosphere. Their common property is that they absorb and emit, at specific wavelengths in the spectrum, infrared radiation, emitted by the terrestrial surfaces, the atmosphere and the clouds. Their properties cause the “greenhouse” effect.

Carbon dioxide (CO₂), like a one-way filter, lets the energy of the sun pass through, but absorbs the radiation emitted by the Earth, as it has a longer wavelength, thereby creating a type of atmospheric greenhouse around the planet.

The main greenhouse gases are methane, water vapour, nitrogen oxides, chlorofluorocarbons and carbon dioxide (CO₂). In recent years, there has been an increase and subsequent excessive presence of these gases in the atmosphere.

One of the main factors triggering the greenhouse effect is carbon dioxide which is produced in all combustion caused by man. The emission of (CO₂) is mainly due to the production and consumption of energy. The main factors include: the production of electricity, the use of electric equipment and means of transport, industrial activities and housing activities in general.

In normal proportions, carbon dioxide and the other GHGs carry out an essential role in maintaining average temperatures on earth at current values, making it possible for life on Earth. The strong build-up of carbon dioxide in the atmosphere may result in maintaining excessive quantities of heat on the planet and turning it into a huge “greenhouse”.

4.2.2. The emission of greenhouse gases into the atmosphere⁷

GRI (305-1) (305-2)

The combustion of fossil fuels is the main reason behind the emission of greenhouse gases, including carbon dioxide (CO₂) which is also one of the factors behind climate warming. Rai Way is committed to obtaining increasingly high levels of energy efficiency, by reducing the consumption of energy that influences the emissions.

⁷ Emissions of gas with greenhouse effects (reported in tons of CO₂ _eq) are calculated starting with: the consumption of diesel by power generators communicated by the various local facilities on the basis of the quantity purchased during the year (reported in GJ and multiplied by the emission factor 73.578 t CO₂/TJ by the UNFCCC national inventory of CO₂ emissions). The consumption of diesel by the company cars calculated on the basis of the internal fuel charts (reported in GJ and multiplied by the emission factor 73.578 t CO₂/TJ by the UNFCCC national inventory of CO₂ emissions); the consumption of petrol by company cars calculated on the basis of the internal fuel charts (multiplied by the emission factor 3.14 t CO₂/TJ by the UNFCCC national inventory of CO₂ emissions); the refills of refrigerating gases (HFC) registered on the station books (reported in CO₂ eq on the basis of the factors reported in the European F-Gas Regulation 517 of 2014).

The emissions of CO₂ derive exclusively from the direct consumption of energy since Rai Way, for 2018, has put the Consip conventions into place, by purchasing electricity from renewable sources with certificates guaranteeing renewable energy origin for 96.1% of its electricity consumption.⁸

Direct Emissions ⁹	2018	2017
	ton CO ₂ eq	ton CO ₂ eq
Diesel (heating systems, fuelling power generators)	316.6	592.6
Diesel (fuelling cars)	1,222.8	1,135.4
Petrol (fuelling cars)	106.2	97.3
Refrigerant gases*	14.6	67.4
Total Direct Emissions	1,660.2	1,825.3

Indirect Emissions	2018		2017	
	Consumption (MWh)	CO ₂ emissions (tonnes) -	Consumption (MWh)	CO ₂ emissions (tonnes)
Electricity from renewable sources (fuel for the stations)	79,793	0	83,034	0
Electricity from non-renewable sources (fuel for the stations)	3,160	1,185	0	0
Total Indirect Emissions	82,953	1,185	83,034	0

⁸ The GRI Sustainability Reporting Standards provide for two methods to calculate Scope 2 emissions, the 'location-based method' and the 'market-based method'. The 'market-based method' (the method used by Rai Way) is based on CO₂ emissions emitted by energy suppliers that the organisation purchases electricity from through contracts (in this case certificates guaranteeing that the electricity originates from renewable sources). On the other hand, the location-based method is based on average emission factors relating to the generation of regional, sub-national or national energy (the following emission factor is used: 375 kg CO₂/kWh Source: Terna). In 2018, the supply of electricity was ensured by signing orders with a number of different suppliers. Even though a request was made to acquire all the energy from renewable sources, one of the lots wasn't available in that form.

Emissions of ozone-depleting substances

GRI (305-6)

The stations and offices have air-conditioning units that use refrigerant gases.

In order to monitor the presence of gases that harm the ozone layer, a detailed map was drawn up, at regional level, of the stations installed with reference to the refrigerant gases they contained.

All the air-conditioning systems were subject to regular maintenance by external qualified companies with specific f-gas qualifications in order to prevent any leaks and if necessary, intervene quickly to deal with any problems.

On an annual basis, the f-gas declarations are sent to the authorised entity ISPRA (Superior Institute for the Environmental Protection and Research) through the specific portal for air conditioners that contain more than 3 kg of refrigerant gases. A table summarising the quantities of the various refrigerants and any leaks due to maintenance/refills carried out in 2018:

Type of refrigerant	Total in Kg	Refill in Kg	2018 refill- kg CO ₂ eq
R 407 C	412.4	8.25	14.6
R 410 A	59.4	0	0
R 422 A	48.4	0	0
R 427 A	4.8	0	0

All the repairs were carried out by personnel who had specific training and checks were carried out to ensure the effectiveness of the work done.

Stations containing R22 are being progressively phased out and the emissions reported in this paragraph do not have ozone-reducing potential.

Non-ionising radiation

Broadcasting services are provided by transmitting electromagnetic waves in Medium Frequency bands (MF, Medium Wave) for amplitude modulated radios, Very High Frequency (VHF) and Ultra High Frequency (UHF) for analogue radio services in frequency modulation (FM), the digital service (DAB, Digital Audio Broadcasting), and the television service (DVB-T). In the radio spectrum, these frequencies are defined as non-ionising radiation since their energy is not enough to ionise materials as opposed to ionising radiations (X-rays, gamma rays, etc.).

The experience of Rai Way on the electromagnetic impact

Up until the 1970s, since there were no national references, the evaluation of the exposure to electromagnetic fields produced by the RAI stations, now Rai Way, was carried out within the scope of

an international reference, more specifically to the International Committee on Non-Ionizing Radiation Protection) issued in 1998¹⁰ by the WHO (World Health Organization). This document was based on the results of a number of studies, and established the limits of exposure for workers and the population, considering that the interaction between electromagnetic emissions and the human body depended on the frequency. The limits established, which were valid for acute effects, are highly conservative, and vary in accordance with the situations; i.e. there are limits for work environments where informed people operate, who are adult, trained, and with their health being monitored, and limits for exposure that people are not aware of and that include potentially weaker parties (children, old people, sick people).

At European level, this document is considered to be the reference point for the protection against exposure to radio frequency fields both for the public, as provided by the Council of Europe Recommendation of 1999 (Recommendation 1999/519/EC), and for workers in accordance with the Directive of the European Parliament and Council (Directive 2013/35/EC).

The legislation followed a different path in Italy: while the European laws that refer to the limits suggested by the ICNIRP were fully incorporated for workers, even though applied on a more well-organised basis, Italian law imposed its own limits for the general public, which is more restrictive, and introduced the concepts of attention thresholds (the same for all frequency bands and which must be honoured in places with more than 4 hours per day of continuous presence) and quality objectives (the same for all frequency bands, and which must be applied “in areas with high footfall” such as hospitals, schools, etc.). If the exposure limit or the attention threshold/quality goals is exceeded, each contribution will have to be evaluated independently and reduced in accordance with a procedure and timeframe defined by the law.

The Italian laws established for the general public created the need to measure extremely low values and forced the interested parties to equip themselves with adequate measuring instruments for the purpose.

Rai Way had a leading role in this process, and also took part in developing that instrumentation and defining the operational conditions and measurement methods through studies, experiments and taking part in working groups to define the measurement standards at national and international level (CEI; Cenelec).

In more than thirty years of experience, it acquired excellent know-how on measurement techniques, especially with respect to measuring what is known as the derived quantities that Italian makes exclusive reference to for the general population (electrical field, magnetic field and density of power). The above, in addition to awareness of international laws on broadcasting systems (ITU-R) and the daily operations in the stations that are in service, helped it develop a special awareness of how to evaluate the impact of broadcasting systems on the environment.

Rai Way is therefore subject to wide-ranging regulation at both national and EU level on the protection of the environment and health that, *inter alia*, establishes limits of exposure to electromagnetic fields, making it obligatory to adopt suitable measures to deal with the harmful effects that could result to the health of the public and the workers from said exposure. Compliance with the law however represents one of the conditions for obtaining and maintaining the licenses and permits to install equipment that emits electromagnetism. Rai Way has always very carefully checked the electromagnetic emissions from its broadcasting systems in order to ensure compliance with prevailing laws and protect the

¹⁰The new version will be published in 2019. The public enquiry came to an end in October 2018.

public and the workers from the possible negative effects resulting from exposure to the electromagnetic fields.

To that end, it implemented actions and continues to operate in a way that strictly complies with prevailing limits, attempting to optimise the solutions identified with respect to the commitments resulting from its corporate mission to guarantee the service to the entire national territory.

Rai Way operates its stations in accordance with the provisions of the Ministerial Permits, checking to ensure that the Non-Ionizing radiation does not exceed the legal limits.

If there are reports or findings that show that the legal limits have been exceeded, Rai Way acts quickly to check, and if necessary, to act, and even taking precautionary measures to ensure compliance with the limits provided by applicable laws.

The actions to reduce electromagnetic impacts

The actions to reduce electromagnetic emissions are implemented at various levels:

- assessment of the NIR impact when designing the stations and making checks when they are being started up;
- systematic monitoring of the emissions of all the broadcasting stations by the territorial areas, involving the specialised QSE unit to check the most complex situations;
- management of the NIR issues reported by the designated Entities;
- remediation measures where necessary;
- mapping the workplaces to zone them in accordance with the International Law ¹¹ incorporated into T.U.S. 81/2008 as amended by Law Decree 159/2016.

Designing broadcasting stations

Rai Way has instruments with a high technological value to design radio broadcasting stations. It is supported by specialised software developed on the basis of specifications defined by Rai Way, in addition to commercial software that is normally used by other operators in the industry.

The software defines the size of the station (station power, number of antennas, cables, etc.) and synthesizes the diagram of the broadcasting antenna (environmentally-friendly design). This will make it possible to guarantee, including to assess the environmental impact, the correct value of the electromagnetic fields (CEM) both in the far field where the signal is directed, and in the near field close to the transmitting stations.

¹¹Directive of the European Parliament and Council 2013/35/EU.

In any case, the availability of sophisticated software will not mean that the real situation will not have to be checked before and after taking these actions.

Monitoring the electromagnetic emissions

The electromagnetic emissions of the Rai Way stations are measured using appropriate measurement equipment.

Rai Way takes the measurements and makes the NIR analyses by coordinating the activities of its centralised divisions with the stations all over the national territory, as defined in the company orders and rules that also have to be applied using the ISO14001 and OHSAS 18001 Management System procedures.

With the experience acquired in that area, and the capacity of its staff, Rai Way can operate as the reference player in the measurement process, for remediation of the sites and to reduce the electromagnetic emissions in the broadcasting sector for the entire country.

In 2018, in addition to the systematic monitoring by technicians in the territorial area, the Company carried out the following: 14 measurements to check the compliance of the Rai Way emissions with prevailing laws on the exposure of the public to electromagnetic fields (L.Q. 36/2001 and D.P.C.M. 08/07/2003); 23 zoning actions for the workplaces, in accordance with the provisions of EN Rule 50496 at the Rai Way transmitting stations including the work to check the exposure of the workers to electromagnetic fields at RAI offices in accordance with prevailing law, Legislative Decree 159/2016 which came into effect on 2 September 2016 transposing European Directive 35/2013/EU.

In previous years, even without prevailing laws in the area (since the entry into effect of Directive 2004/40/EU was postponed on a number of occasions but never implemented) Rai Way had already started to zone its workplaces in accordance with Law EN 50499 and EN 50496 (9 sites in 2016, 13 in 2015, 7 in 2014, 2 in 2011 and 2012).

4.2.3 Water consumption

GRI (303-1)

Water is procured from various sources in accordance with where the stations are. Some stations do not have independent water supplies, others are directly connected to the public waterworks and others are provided with water from wells or springs, and in a few cases, the stations are supplied by tankers or rainwater collection.

The water is essentially consumed for civil uses - mainly for toilet facilities, the heating system and for security devices (for example eyewashes).

Water consumption was around 5,465 cubic metres in 2018, up about 4.8% from 2017. Small fluctuations may be the result of maintenance activities mainly involving staff in the big TX centres. Since there are about 20 big stations with water supplied from the waterworks, the fluctuations in average consumption is about 30 litres year/system.

WATER CONSUMPTION BY SUPPLY SOURCE (m³)	2018	2017	% Change
Water consumption from public waterworks	5,016	5,010	+0.1
Water consumption from streams/wells	449	206	+118.0
Total water consumption	5,465	5,216	+4.8

Water consumption by supply source The data refers to 31.12.2018

Water discharges

There are certain cases of discharges from stations: they relate exclusively to civil discharges from toilet facilities and no chemical pollutants were found in the discharges.

Some of the rainwater and runoff water is collected in sewage systems, but it normally seeps into the ground. Therefore there is no danger of contamination with hazardous substances since generally materials are not stored and there is no temporary storage of hazardous waste in the open. With a view towards saving the water resources, in some stations, the rainwater is collected to be used as flush water for the toilet facilities.

The data on discharge waters that comes from the stations and company plants cannot currently be measured and is therefore unavailable since it is combined with the data of the Parent Company Rai.

4.2.4 Waste management

GRI (306-2)

In accordance with its office activities and management of the transmission and broadcasting systems, Rai Way generates and produces waste that falls into the following categories:

- special hazardous waste;
- special non-hazardous waste;
- waste similar to urban waste.

The waste similar to urban waste produced in the stations and offices is given to the public collection and recycling services in accordance with the criteria provided for by the Municipality in question.

APPLICABLE REGULATIONS AND MANAGEMENT AND CERTIFICATION SYSTEMS ADOPTED

- Legislative Decree 152/2006 - Consolidated Environmental Law which replaces previous laws and rules on the environment. More specifically, the 4th part of the decree that sets out the law on the management of waste and the clean-up of polluted sites.
- Ministerial Decree of 17 December 2009 - Establishment of the waste tracking control system, in accordance with article 189 of Legislative Decree no. 152/2006 and article 14-bis of decree law no. 78 of 2009, converted, with amendments, by law no. 102 of 2009.
- Ministerial Decree no. 120 of 3 June 2014 “Regulation to define the powers and organisational procedures for the national register of environmental managers, the technical and financial requirements of the enterprises and the technical managers, the terms and procedures for registration and the relative annual fees”.
- Ministerial Decree no. 78 of 30 March 2016 - Regulation containing provisions relating to the function and optimisation of the waste tracking system (SISTR1) implementing article 188-bis, paragraph 4-bis of legislative decree no. 152 of 3 April 2006.
- Decree law no. 135 of 14 December 2018 regarding “Urgent provisions on the support and simplification for the enterprises and the public administration that abolished the SISTR1.

The hazardous waste produced by office activities is mainly toner and neon that are disposed of by Rai if the offices are rented from Rai, with Rai Way being responsible for taking them to the right temporary deposit place only. On the other hand, where Rai Way owns the places, the type of waste produced is essentially similar to urban waste. With regard to the residual production of ink cartridges or toner from the printers, they can be sent for recycling and reused or put into the right containers, that will be brought to the supplier for disposal. If waste is managed properly, it can be recovered and recycled.

The special waste generated by industrial activities mainly includes the disposal of station equipment.

Guidelines were introduced to manage the waste produced by third parties at the stations and after installation and maintenance work in order to correctly identify the waste producers.

Additionally, more widespread monitoring of the disposal activities was obtained thanks to the internalisation of the waste collection and delivery of the MUD declarations (Unified Environmental Declaration Form).

Starting from 2012, the year of the highest production of waste due to the switch-off for which the transmission and broadcasting radio television signal was completely changed, there has been a constant fall off in the production of general waste in the internal maintenance carried out.

The orders given to manage waste resulting from maintenance, entrusted to outside companies, contribute to a constant reduction in the waste produced by Rai Way since they establish by contract that the outside companies will be in charge of disposing of any waste.

WASTE BY CATEGORY (kg)	2018	2017	% Change
Waste similar to urban waste.	41,770	45,460	-8.1%
Special non-hazardous waste	74,475	24,705	+201.5%
Special hazardous waste	10,054	9,814	+2.4%
Total waste produced	126,299	79,979	+57.9%

Waste produced by category. The data refers to 31.12.2018

Due to the cleaning and remediation of certain stations, the metal structures that were no longer being used were dismantled, increasing the amount of iron and steel to be disposed of.

33% of the waste that Rai Way is responsible for is linked to the maintenance of septic tanks, that have to be periodically emptied and the waste disposed of (EWC 20.03.04 - muds from septic tanks) that cannot be recovered / recycled.

RECOVERED AND RECYCLED WASTE (kg)	2018	2017
Total waste sent for recovery/recycling	84,442	34,397
Total waste produced	126,299	79,979
Percentage waste sent for recovery/recycling on total waste produced	67%	43%

Recovered and recycled waste The data refers to 31.12.2018 and relates to central and territorial offices

Materials like mixed packaging, filters, cables, inert materials, oils and mixed waste, generated through third party maintenance, that was previously left at the stations, is now correctly disposed of by the third party who produced the waste.

Additionally, the progressive reduction of the waste produced was encouraged by continuous training and informing internal staff how to manage waste, its classification and subsequent management and encouraging the reuse/recycling of recoverable material.

RECOVERED AND RECYCLED WASTE (kg)	2018	2017
Paper	3,220	100
Plastic	60	1,060
Wood	600	150
Metals	47,590	12,079
Mixed packaging	4,300	673
End-of-life equipment	19,778	10,519
Lead batteries	6,645	7,895
Various materials (filters, cables, inert materials, oils, mixed waste, etc.)	2,249	1,921
Total waste to be recovered	84,442	34,397

Recovered and recycled waste. The data refers to 31.12.2018

4.2.5 Noise control in the outside environment

Noise is mainly due to the presence of condensation units in the air conditioning and ventilation systems and in the emergency power generators. The main source of noise that is projected into the external environment is the cooling system for the equipment at the stations. This system functions through the exchange of air, through axial fans or centrifugal aspirators with direct air expulsion, positioned on one of the side walls of the brick buildings or on the sheet metal in the shelters.

Given the territorial extension of the company, since it is not possible to implement an inspection of the acoustic impact at all the sites of the organisation, it was considered appropriate to use a “sample” method, which used suitable minimum and relevant criteria to allow the data on sound emissions to be acquired. The organisation acquired the elements needed to plan and implement the following through the samples taken:

- a plan for the detection of the acoustic impact for the most significant situations;
- a plan to monitor situations that are significant for noise purposes;
- an adjustment plan where required that will be prepared and updated on the basis of the results of the noise findings.

The criteria followed to establish the plans for detection, monitoring and adjustment, which aims to safeguard aspects relating to:

- the territorial context (potential presence of municipal acoustic zoning);

- environmental sampling (closeness of the stations to “sensitive” places such as homes, schools, offices, protected areas);
- sizes of the stations (big, medium, small);
- territorial cover of the sampling.

Rai Way then classified the stations on the basis of acoustic weaknesses in accordance with precise criteria relating to the closeness to receivers, municipal acoustic zoning, the position in urban centres and changes of the surrounding areas over time.

The following assessment criteria were used to characterise the findings of the stations with respect to acoustic impact:

- situations of primary importance: stations that are close or <100m from homes and/or public places in Class I areas with reference to the Municipal Acoustic Zoning;
- situations of secondary importance: stations that are close or <100m from homes and/or public places in Class II areas with reference to the Municipal Acoustic Zoning;
- situations of tertiary importance: stations that are in the same territorial framework as the previous ones but in Class III or in Municipalities that have not adopted acoustic zoning. For the purpose of the acoustic impact, those situations, in the absence of zoning, could have weaknesses that are similar to situations of secondary importance;
- situations of quaternary importance: situations at distances of more than 100m and less than 200m from homes and/or public places, regardless of what Class they belong to;
- irrelevant situations: stations situated in isolated areas, at more than 200m, close to houses inhabited occasionally or used for seasonal purposes (agricultural).

Additionally, regardless of the situation of importance, if any claims and/or complaints are made, the station will be inspected.

Rai Way periodically monitors the more significant stations (classified as Third importance; sampling criteria: 100% of big and medium and some small stations chosen on a “sample” basis and adopt specific reduction measures following both internal and external reports. The actions are carried out by staff with specific training and who fulfil the necessary requirements.

The actions taken to reduce acoustic pollution begun in 2018 mainly involved replacing fans with other more silent ones.

4.2.6 Environmental compliance

GRI (307-1)

The activities of the Company are subject to rigorous environmental laws.

Rai Way carries out its activities in accordance with the environmental laws that apply to the company and has all the necessary authorisations.

No environmental damage or emergencies caused by Rai Way were registered in 2018.

4.3 The commitment of Rai Way to human resources

The distinctive features of HR activity are set out in a strategic framework of valuing the human capital and the development of open and collaborative leadership models, supported by a further emphasis, in 2018, on training courses related to technical skills/soft skills for staff and the experimental introduction of virtual organisation models as factors to help company growth and sustainability of the results.

The following areas of action were consistently monitored:

- safeguarding optimal sizing in line with the scope of the workforce;
- development of the corporate organisational model to meet technological and business challenges within the framework of the competitive scenario;
- the constant evaluation of the results and behaviour expressed by the staff, enriched with instruments to reconcile the wellbeing requirements of workers;
- the establishment of flexible work models aimed at introducing new smart organisational solutions and work-life balance options;
- the activation of pathways that are in line with best practice in the area of HR in terms of talent strategy, on-boarding, salary and benefits;
- qualified investment in both technical and managerial training;
- the continued pathway of industrial relations at national and local level to seek adequate, agreed solutions;
- opening up of the social corporate dimension by integration and strengthening of the pathways with Universities in order to encourage experience aimed at internships and work-school programmes.

In 2018, Rai Way was awarded, for the second year in a row, as the Employer of Choice with the Top Employers Italy certification, consolidating its efforts to develop innovative HR processes and policies as a factor that can help develop its competitiveness. The Top Employers Institute, that annually certifies, at global level, the excellence of work conditions put in place by companies for their employees, carried out an in-depth audit on the corporate practices in the area of human resources, confirming the excellence of the company's commitment and its HR department, with special reference to the three areas of investigation: talent strategy, on-boarding and performance management.

4.3.1 Rai Way employees

GRI (102-7) (102-8)

From when was established in 1999, the Company inherited from Rai and now manages a legacy of technological, engineering and management know-how on a completely independent basis, in addition to the infrastructure, with absolute excellence in the area of the transmission and broadcasting of radio and television signals at national level. The high professional competence, specialised training and ongoing development of the staff, along with the above-mentioned cultural legacy and know-how are distinctive features that can give Rai Way the skills and competitiveness needed to meet the specific requirements of its customers and successfully deal with any issues related to company activities and the frequent changes and developments in the technological and regulatory framework, as occurred for example during the transition to digital terrestrial or the recent commitment in the digitalisation

process for the transmission of radio signals. Therefore the Rai Way human resources are a strategic asset that can help it achieve its corporate goals. In this context, the Company has always encouraged actions aimed at improving its capacity to efficiently manage human resources, also supporting the social aspects both through school-work programmes and projects to enhance the value of and have young talents grow in the world of technology.

There were 615 employees and business partners of Rai Way as at 31 December 2018, a 2.3% increase over 2017. This includes 55.12% of staff working in offices all over the national territory, with a majority of men (82.28%), aged between 30 and 50 (46.67%) and an average age of 46.79.

RAI WAY WORKFORCE	2018	2017	% Change
RAI WAY EMPLOYEES AND BUSINESS PARTNERS	615	601	2.3%
Who belong to protected categories	15	15	0%
Disabled	35	36	-2.8%
AGE			
Younger than 30	59	30	97%
Between 30 and 50	287	307	-6.5%
Older than 50	269	264	1.9%
GENDER			
Men	506	495	2.2%
Women	109	106	2.8%

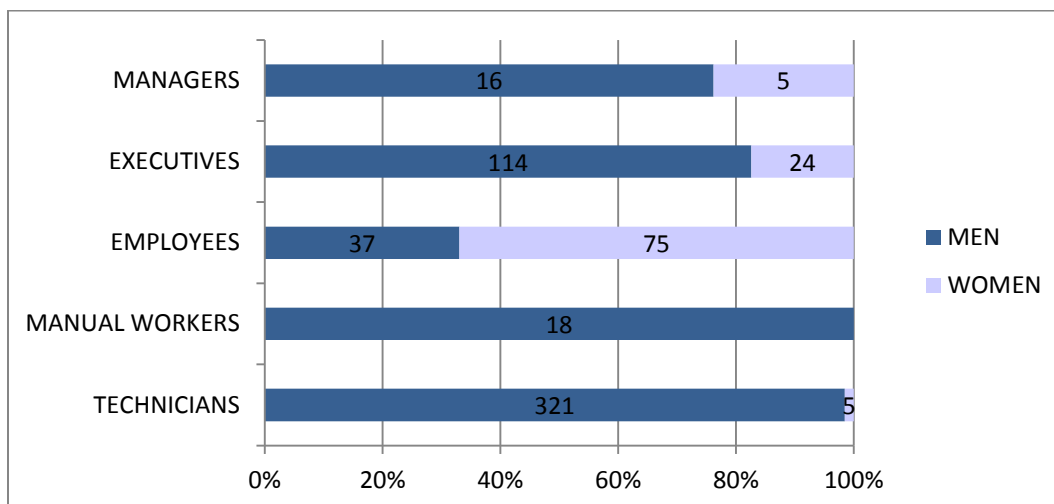
The Rai Way workforce as at 31.12.2018 in terms of gender and age

Most Rai Way employees were employed on permanent contracts (97.89%). Very few fixed-term contracts were used (2.11%), with the number increasing in 2018 compared to the previous year due to the turnover of staff who left early on a voluntary basis. As with the previous year, even in 2018, it was decided not to use other contractual forms such as project contracts or temporary contracts for ordinary Rai Way activities, but it did avail of apprenticeship contracts. 98.21% of employees are full time, while 1.79% are part-time.

CONTRACT TYPES	TOTAL		MEN		WOMEN	
	2018	2017	2018	2017	2018	2017
Permanent	585	593	480	491	105	102
Fixed-term	13	8	10	4	3	4
Apprenticeship	17	-	16	-	1	-
Full time	604	590	505	494	99	96
Part-time	11	11	1	1	10	10

The Rai Way workforce by contract type

The Rai Way workforce mainly comprises technical workers (53%) who work in the territorial offices, executives (22.4%) and white-collar employees (18.2%). With regard to the percentage of females, there are more in the white-collar employee category, less in the technical category (1.6%) and none in the manual category.



Rai Way's workforce in terms of classification and gender

The average years of service in Rai Way is 18 years (19 for the men and 13 for the women). Over 59% of employees have been with the Company for over 15 years.

4.3.2 the recruitment, selection and turnover process in Rai Way

GRI (401-1)

Within the scope of developing the economic and business scenario, the strategy to focus on the value generation is the main criteria used to strengthen the competitiveness of the company, including through consistent recruitment processes.

Rai Way - which is independent in its hiring practices - operates on the basis of transparency, meritocracy, disclosure and impartiality in accordance with prevailing laws and internal rules. The main way the Company hires people is by recruitment once it has been acknowledged internally that it is necessary, with the subsequent selection of candidates by qualification and/or after a trial period in accordance with the types of jobs available.

To this end, in 2018 projects aimed at encouraging generational turnover were encouraged, with the parallel implementation of five selection processes aimed at digital and soft skills for network intelligence, adding specialised personnel in the various company divisions (especially to reinforce the technical and market-oriented departments).

There were 49 new hires in total in 2018, including 75.5% men and 24.5% women, mainly under 30 (57.1%), with classification as employee (38.8%) and technical staff (55.1%), at the central headquarters (46.9%).

NEW HIRES IN THE YEAR (from 1 January to 31 December)	TOTAL		MEN		WOMEN	
	2018	2017	2018	2017	2018	2017
Total	49	39	37	27	12	12
of whom younger than 30	32	9	27	7	5	2
of whom between 30 and 50	16	21	9	12	7	9
of whom over 50	1	9	1	8	0	1
of whom Manager	0	1	0	0	0	1
of whom Executive	3	2	2	2	1	0
of whom Employee	19	14	9	3	10	11
of whom Manual worker	0	4	0	4	0	0
of whom Technician	27	18	26	18	1	0

The new Rai Way hires in terms of gender, age and job title

Employment relationships can be terminated in two ways: a) on a voluntary basis, and to this end, specific internal provisions were issued in order to implement them with the aim of encouraging generational turnover and updating skills; b) once the required age has been reached and the minimum contributory requirements have been met.

35 people terminated their employment contracts in 2018, mainly men (74.3%), personnel working in the territorial offices (62.8%), over 50 (60.0%), working as executives (25.7%) or technicians (31.4%).

TERMINATIONS DURING THE YEAR (from 1 January to 31 December)	TOTAL		MEN		WOMEN	
	2018	2017	2018	2017	2018	2017
Total	35	60	26	51	9	9
of whom younger than 30	3	0	2	0	1	0
of whom between 30 and 50	12	10	5	5	7	5
of whom over 50	20	50	19	46	1	4
of whom Manager	2	2	1	2	1	0
of whom Executive	9	21	9	19	0	2
of whom Employee	9	12	3	5	6	7
of whom Manual worker	4	2	4	2	0	0
of whom Technician	11	23	9	23	2	0

People leaving Rai Way employment in terms of gender, age and job title

The incoming and outgoing turnover rate (including the effects of encouraging voluntary redundancy) is illustrated in the table below.

TURNOVER	2018	2017
Total turnover rate (number of employees)	13.65%	16.47%
Incoming turnover rate	7.96%	6.49%
<i>Incoming turnover rate - women</i>	1.95%	2.00%
<i>Incoming turnover rate - men</i>	6.01%	4.49%
<i>Incoming turnover rate - age under 30</i>	5.20%	1.50%
<i>Incoming turnover rate - age between 30 and 50</i>	2.60%	3.49%
<i>Incoming turnover rate - age over 50</i>	0.16%	1.50%
Outgoing turnover rate	5.69%	9.98%
<i>Outgoing turnover rate - women</i>	1.46%	1.50%
<i>Outgoing turnover rate - men</i>	4.22%	8.49%
<i>Outgoing turnover rate - age under 30</i>	0.48%	0.00%
<i>Outgoing turnover rate - age between 30 and 50</i>	1.95%	1.66%
<i>Outgoing turnover rate - age over 50</i>	3.25%	8.32%

Overall incoming and outgoing turnover in terms of gender, age and geographic area

4.3.3 The development and training of human capital

GRI (404-1) (404-2) (404-3)

Rai Way considers that enhancing the value of its internal resources and the consolidation and development of their skills are a distinctive characteristics of its policies, and a factor that will help the company to grow and sustain its results.

The staff training process is devised and implemented in accordance with lifelong learning principles, in order to continuously enrich the technical and managerial excellence of Rai Way in association with the business strategies and the scope of the Business Plan.

During 2018, it prepared and launched a development and training plan to support digital transformation, and includes gap assessments and the start up of reskilling to face new technological and business challenges, and the implementation of strategic training plans to build up knowledge on the components of the emerging digital ecosystem and encourage the upgrading of skills with a focus on open innovation and the development of an entrepreneurial mindset.

More specifically, a structured plan of strategic managerial training was implemented, identifying coaching and training programmes - also given through streaming, video on-demand and webinars - aimed at key values, leadership strengthening and strategic and market vision, also opening up to external and networking experiences.

In 2018, a total of 21,184 hours of training were given, a 29% increase in training hours.

In terms of funded training, the training plan on “Safety, Specialised Technical and Legal Administrative Training” was initiated in 2017 and concluded in 2018. This Plan involved 433 resources for over 500 training hours with initiatives that started from 14 November 2017 and continued until 24 October 2018. They were fully appreciated by the trade unions involved.

TRAINING HOURS	Total			Average amounts	Men			Average amounts (gender: men)	Women			Average amounts (gender: women)
	2018	2017	2016	2018	2018	2017	2016	2018	2018	2017	2016	2018
Managers	994	1,004	441	47.33	676	613	322	42.25	318	391	119	63.6
Executives	2,051	2,465	1,236	14.90	1,721	2,146	1,199	15.14	330	319	37	13.75
Employees	1,494	3,108	7,618	13.29	484	2,117	6,932	12.95	1,010	991	686	13.47
Manual workers	295	384	352	16.39	295	384	352	16.39	0	0	0	0
Technicians in the territorial offices	16,350	9,418	7,986	50.15	16,157	9,402	7,906	50.33	193	16	80	38.60
TOTAL	21,184	16,379	17,633	34.45	19,333	14,662	16,711	38.21	1,851	1,717	922	16.98

Hours of annual training in terms of gender and qualifications

The commitment to training is constant, also with reference to the guidelines on health and safety at work, the environment and specialist/language knowledge in line with the goals of excellence and best practices on the market.

4.3.4 The protection of health and safety at the workplace

GRI (403-2) (403-3) (403-4)

In order to guarantee the health and safety of its employees, Rai Way has drawn up an “Environmental, health and safety policy” (see also Chapter 4.2 - Commitment towards the environment) and sets up and gives training courses to all staff in accordance with prevailing law. Procedures and policies on health and safety at work have also been adopted, in association with the applicable company departments, in line with the applicable provisions and best applicable standards. The Human Resources department ensures the consistency and adequacy of the corporate organisational profile and coverage of the relevant positions in this area. Health and Safety matters are also dealt with during national and local meetings with the trade unions, and in the periodic meetings that deal with the specific matters pursuant to Decree 81/2008.

Health and safety issues are included in the formal agreements with the trade unions and are given priority in the periodic safety meetings that are carried out, pursuant to the law, every year, and also with reference to multi-region areas. Other meetings with the trade unions raise separate issues which

generally include various requests relating to the organisation of the work, training or the workforce for example.

The number of work representatives for the safety of the production units amounted to 14 units in 2018.

In terms of types of duties carried out, in 2018, the workers involved in professional activities that are associated with a high level of risk of accident, who work at height in electrical systems, drive the company vehicles or subject to professional illness amounted to 237 (operating technicians).

The tables below illustrate the rates of accidents and number of days of absence due to accidents, which occurred to employees during 2018¹²:

Accidents*	2018	2017	2016
Total Accidents (TA)	8	9	5
Men	7	8	4
Women	1	1	1
Assences due to accidents	216	220	163
Men	208	205	54
Women	8	15	109
Accident Frequency Index	8,37	9,40	5,08
Men	8,83	9,95	4,77
Women	6,15	6,55	6,88
Accident Severity Index	0,22	0,23	0,17
Men	0,26	0,25	0,06
Women	0,04	0,10	0,75

The accidents and their frequency and severity by gender¹³

*Only accidents recognised by INAIL and excluding communications < o = a 3 days

¹³ Accident frequency index=no. of accidents / hours worked * 1,000,000

Accident frequency index = no. of days of absence for accidents/days worked * 1,000

The following table shows the days and hours of absence for work on trade union business and strikes:

Days of absence for work on trade union business and strikes	2018	2017	2016
Days of absence for work on trade union business	231.5 days + 60 h	284 days + 85 h	280 days + 76 h
- men	229 days + 60 h	282 days + 85 h	272 days + 70 h
- women	2.5 days	2 days	8 days + 6 h
Days of absence for strikes	0	0	155
- men	0	0	154
- women	0	0	1

There were 955,168 hours worked in 2018, essentially in line with the amount for the previous year.

Worked hours	2018	2017	2016
Men	792.643,6	804.336,7	838.677,1
Women	162.524,5	152.620,0	145.254,1
Total worked hours	955.168,1	956.956,7	983.931,2
Work days	253	250	252

Absenteeism amounted to 2.8% in 2018 with respect to the days that can be worked in the Year; there were no cases of professional illnesses in 2018.

4.3.5 the company welfare of Rai Way

GRI (401-2) (401-3)

Rai Way takes part in the “company welfare” and “benefit” systems adopted by the Group. It is also particularly sensitive to issues that reconcile private life and working life, and the support of initiatives aimed at enhancing the value and involving its employees.

Welfare, Work-Life balance and company benefits

Rai Way is active in the area of achieving a good work-life balance with many different initiatives: allowing leave and part-time work, allowing extra paid time for special events or for specific family requirements. In order to

further support the work-life balance of the employees, in 2018, the innovative “Time Bonus” project

PARENTAL LEAVE

Parental leave is an optional period that is given to parents to take care of children in their first years of life, and meet their emotional and relational requirements.

There were 19 employees in 2018 who benefitted from parental leave; in 68% of the cases it involved requests by mothers and the remaining 32% by fathers. 100% of the employees who benefitted from parental leave returned to work and were still employed by the company 12 months later.

was implemented, a project that integrated the exclusively financial company bonus system with an additional non-monetary reward that gives back the time given to the Company by the worker.

With respect to the overall compensation, the “Time Bonus” entails giving

workers who have permanent contracts and who have distinguished themselves in terms of value and quality of the performance, hours of extra paid leave to be used, in a certain time frame, for personal life requirements.

The other actions listed in the table below form part of the overall framework (for example financial contributions for nurseries and/or for school and educational purposes).

There are also benefits relating to healthcare assistance, supplementary social security and insurance guarantees covering professional and non-professional accidents given on a contractual basis in the RAI Collective Labour Contract for executives, white collar and manual workers, applicable to Rai Way employees and renewed in 2018. The above-mentioned protections are given to workers with permanent and fixed term contracts in the cases provided for, with the additional healthcare benefit also extended to the family units¹⁴.

Financial contributions and specific projects are provided for to support recreational, cultural and welfare activities promoted and financed annually by ARCAL - RAI, for the exclusive benefit of workers with permanent contracts and their family members, and former employees who are now pensioners, not including fixed-term business partners and certain categories of services, apart from workers in managerial capacities.

SUPPORTING EMPLOYEE ACTIVITIES

In addition to the RAI Sports Club, there are agreements for recreational activities and cultural and recreational projects relating to the ARCAL - RAI, the RAI-SENIOR association for employees who work with and are retired from Rai and the Group companies. It was established to develop cohesion and solidarity among the members by promoting the following:

- occasions for the members to meet;
- charitable and active voluntary work projects, encouraging the cooperation with public and private Entities who operate in the healthcare, welfare, social security, voluntary work and leisure areas;
- projects protecting the interests of workers in the social security and welfare area.

In addition to the association fees paid by the members, the Association receives a top up from the company.

¹⁴In accordance with contractual provisions, the regulations that refer to social security and company assistance do not apply to workers with fixed-term contracts, apart from the provisions of trade union agreements regarding fixed-term contract recruitment categories.

Finally, there are company agreements that support the purchasing power of employees for work and/or services at subsidised prices.

With respect to the managers, the non-monetary benefits include the use of the company car and insurance policies that can be valued in accordance with the tax criterion. The Company managers (and therefore also benefitting the Chief Executive Officer in accordance with his/her managerial relationship with the Company in the role of General Manager) is also given the right to subscribe, in particular, to a supplementary benefit fund, governed by the applicable national collective contracts and additional company agreements. The non-monetary benefits given to managers comprise:

- the use of company cars and reimbursement of fuel costs incurred up to a maximum of 2,000 litres per year;
- insurance policies;
- additional pension fund.

The above non-monetary benefits are not provided to members of the Board of Directors or the Board of Statutory Auditors.

BENEFIT	DESCRIPTION
HEALTHCARE ASSISTANCE	The Fasi, Fasdir and Assidai funds guarantee registered employees with cover for healthcare expenses on a direct basis with the participating facilities or reimbursement of medical-healthcare services carried out, also to top up the National Healthcare Service. The Funds are increased by the Company and by contributions by the employees.
COMPLEMENTARY SOCIAL SECURITY	The Craipi and Fipdrai Funds guarantee participating employees with additional pensions to the obligatory National Social Welfare Institute (INPS) pension, and are topped up by the Company and by employee contributions.
ACCIDENT POLICY FOR WORK-RELATED ACCIDENTS AND NON-WORK RELATED ACCIDENTS	In addition to the obligatory insurance, there is also insurance to protect workers against the risk of work-related accidents and non-work related accidents that result in the death or total/partial permanent invalidity of the worker.
SCHOLARSHIPS (ARCAL – RAI)	In favour of student employees and/or children of employees, assignment of scholarships, of varying amounts, to support the personal and/or family education applications for students who attend educational establishments (primary schools, middle schools, secondary schools) and/or academic institutions (Universities, Conservatories).
STUDENT EMPLOYEE PRIZES (ARCAL – RAI)	For student employees, money prizes, for varying amounts, for achieving secondary school diplomas or equivalent diplomas or university degrees (bachelor or masters degrees).
SCHOLARSHIPS TO STUDY ABROAD (ARCAL – RAI)	Contributions/scholarships to study abroad to learn foreign languages
NURSERY CONTRIBUTIONS (ARCAL – RAI)	Monthly allowances, for different amounts, for public or private nurseries.
CONTRIBUTIONS TOWARDS SUMMER CAMPS (ARCAL – RAI)	Contributions, for varying amounts, to take part in summer camps for children between 7 and 18 years.
CHRISTMAS PROJECTS	Financial contributions to the children of employees at Christmastime.

(ARCAL – RAI)	
AGREEMENTS SUPPORTING FAMILIES AND PURCHASING POWER	<p>These agreements include but are not limited to:</p> <ul style="list-style-type: none"> ▪ subsidised purchases in commercial centres/gyms; ▪ places in selected nurseries; ▪ opening current and/or purchase accounts with prepaid cards on favourable terms with participating banks; ▪ recreational and cultural activities (for example gyms, promotions and discounts on theatre/event subscriptions); ▪ holidays and leisure (for example tourist trips on favourable terms at subsidies terms with participating hotels/campsites).
MOBILITY SERVICES	Subscriptions on favourable terms with public transport services.
COMPANY CANTEEN/PARTICIPATING RESTAURANTS	For all employees.
COMPANY BAR	At the main company offices (for example Rome, Milan).
MEDICAL ASSISTANCE	At the main company offices (for example Rome, Milan).
BANK COUNTER	At the main company offices (for example Rome, Milan).
LIBRARY	At the Rome office.
SPORTS CLUB	For employees of the Rome office.
MARRIAGE CHEQUE	For all employees.

The Rai Way benefits

Enhancing the value of employees and involving them

Rai Way invests time and resources every year to plan and create projects aimed at enhancing the value of employees and outside stakeholders and involving them, within the scope of corporate social responsibility (see also Chapter.4.1 - The commitment of Rai Way towards the territory). In 2018, with a view towards continuing the cooperation started up with schools and universities, the school-work programme and internships continued, both as part of the curriculum and on an extra-curricular basis.

School-work programme

in accordance with Law 107/2015 on “Good Schools” (“Buona Scuola”) and pursuant to the annual agreement plan with 6 schools spread throughout the national territory, the second year of the project “Alternanza scuola lavoro: the Way to the future” began. Thanks to co-planning with the school schedules, Masters of the Trade provide 30 hours of training each year in the technical institutes, and the best students are given the chance to work on the Summer JOB programme (shadowing the Masters of the Trade at work for a period of at least 1 week). There are also Summer CAMPs (work camps where the students can experiment with real problems from the world of work through simulations and activities in the company laboratories, and they are given the chance to see how well they work in teams).

The project involved 146 students in 2018 and Rai Way was given an award by Elis for the wide-ranging commitment to support the growth of students at the Summer Camp.

Internships:

Within the scope of the Agreements already in place with the Universities, 4 internships were given, including 3 curricular and 1 extra-curricular. A fifth internship was also initiated, fully financed by the Lazio Region as part of the “Torno Subito” project. In accordance with the corporate organisation and processes supporting the new organisation, the internships also included work on Innovation, Product Development, Risk Management and People Management.

Rai Way believes that enhancing the value of its professional competence is a central element within the framework of company policies, and is convinced that fostering internal talent, including through instruments that can show the real capacity of the individual or the group, is an essential driving force for growth and essential for growth and to drive the evolving processes of change. To this end, also in 2018, Rai Way wished to reward the best projects submitted to the competition “*Rai Way Prize for Innovation - 2nd Edition - reserved to employees of Rai Way S.p.A.*” (the prize was preceded by an event attended by top company management and with the involvement of employees, enriched by meeting with key company management).

The Company also received an award as a listed company as part of the Excellence & Innovation HR Awards promoted by the studio De Luca & Partners for the project that managed to combine competitiveness with the wellbeing of the company and the human resources.

4.3.6 Diversity, equal opportunity and non discrimination¹⁵

GRI (405-1) (405-2)

The RAI Group Code of Ethics confirms the principle of non-discrimination against diversity, giving the designated company departments the duty to contribute to the creation of work environments in which “personal characteristics do not give the right to discriminate on the grounds of age, gender, race, language, nationality, political and trade union opinions and religious beliefs.

In terms of managing disabilities, the Company complies with regulations on obligatory placements and in terms of fulfilling hiring obligations in accordance with Law 68/99, the RAI collective labour contract and internal provisions governing multiple support requirements for the rights of disabled people. In accordance with this framework, maximum attention is paid to managing specific situations brought to the attention of the Human Resources department, with adequate measures being taken in accordance with the requirements of the actual case (for example setting up internal parking spots at the offices, extraordinary permission for medical visits, etc.).

With reference to equal opportunities and non-discrimination on the basis of gender, Rai Way guarantees compliance with that principle at the recruitment, selection, management and development of the human resources stages. The composition of the administrative and control bodies of Rai Way also take account of gender (see also Chapter 3, Governance). Management roles are also given to females as part of the first level of the organisational structure in staff areas, in the area of human resources and in the area of business development officers.

In order to support gender policies, the Equal Opportunity Commission was set up in 2015 and is still in operation today. It is in charge of contributing towards the implementation of the principles of equality and equal opportunity between male and female workers in the Company.

With respect to remuneration equality, in 2018 an analysis was made of the remuneration in order to identify any pay gaps in relation to the applicable targets (managers, executives, employees-

¹⁵ See the final correlation table for more information on “Human Rights”. In view of the scope of its activities and its national reach, Rai Way does not have a human rights policy since it does not consider it to be necessary.

technicians), assessed on the basis of seniority clusters and for the management component, on the basis of the organisational weight of the positions, and it showed substantial consistency in the wage system.

A table showing the ratio of wages between male and female employees is shown below.

Annual gross basic salary Men/Women	2018	2017
Managers	1.11	1.21
Executives	0.99	1.03
Employees	1.01	1.08
Manual workers	n.a.	n.a.
Technicians	0.92	0.99

The ratio of basic wages and remuneration between men and women

4.3.7 Internal communications

Internal communication is the instrument that Rai Way uses to monitor relations with its business partners, including through dialogue and mutual growth. This is done as follows:

- sharing information and creating a sense of belonging and identity;
- training, including to develop soft skills (see paragraph Chapter 4.3.3 - Development and training);
- setting up specific projects aimed at giving employees the incentive to get involved in innovation and company business development (see also Chapter 2.5 Rai Way - the company assets and innovation).

Internal communication was aimed at all employees, including management, in 2018. Participant events or streaming events were held, including with company management, to increase identification with the Company and the sense of belonging.

4.3.8 The remuneration and bonus system

GRI (102-35) (102-36)

The Rai Way remuneration and bonus system is aimed at reflecting and supporting consistency and equality at a corporate organisational level, and rewarding merit in terms of appreciating the results achieved, the quality of the performance and the competitiveness with respect to best market practices. Additionally, it uses a “talent management” model to rise to the challenge to attract, reward and motivate the key resources who can give key contributions in accordance with the developments set out under the Business Plan. They relate to consolidation of its leadership position on the market, expansion of the services given to the RAI Group, diversification of the services on offer and improvement of operating efficiency. The remuneration and bonus system is different for management and the other departments.

The key elements for the management remuneration policies are the following:

- selectivity of the beneficiaries and internal consistency with respect to the positions, the areas of responsibility and the roles carried out;
- competitiveness with the salary levels of the outside market, through an analysis of the policies and practices of the main peers at national and international level, to guide and inform the corporate choices in this area;
- correlation with company strategies and principles, with the variable remuneration linked to both proof of generation of added value with respect to the goal levels expected and approved by the Board of Directors of the Company; and defined in accordance with a ‘pay for performance’ criteria, where the performance is evaluated in accordance with a number of different indicators that take account of the economic-financial dimension, the competitive dimension and the dimension of the efficiency and innovation of the internal process and the social dimension;
- compliance with the regulatory scope and reference to the best market practices.

The Company considers the operational valorisation of its resources as a characteristic trait for the other employees (executives, employees, manual workers), using a reward policy that entails fixed actions being taken and one-off payments given at the annual management planning, or following efficiency-improving processes, upon the review of labour organisational models, or to underscore non-standard contributions (for example when assigning professional services). In general terms, the progression of the careers of non-management staff, with consequent salary benefits, is governed by the applicable national collective labour contract, including on an automatic basis that varies in accordance with the professional figures. Production bonuses and results bonuses are also given.

With regard to the remuneration policies of the governing and control bodies and key management, the following applies:

- the Board of Directors: each member of the Board of Directors receives a fixed fee for the position: they are also given further fixed compensation if they are part (as the chairperson or a member) of the consultation board committees. These payments are decided by the Board of Directors, dividing the amount established as whole by the Shareholders’ Meeting in accordance with the articles of association of Rai Way. The Directors are not given attendance fees to take part at the board meetings, and are entitled to reimbursement for their food, lodging and travelling expenses to carry out their board duties. No variable remuneration components are given to the Directors besides the Chief Executive Officer. There are no

contracts between Rai Way and members of the Board of Directors involving post-service payments on top of those provided for by law and/or any applicable collective labour contract;

- the Board of Statutory Auditors, continuing on from 2017: each member of the Board of Statutory Auditors receives a fixed fee, decided upon by the Board of Statutory Auditors in accordance with the law and the articles of association of Rai Way. No variable components of the remuneration, bonuses, attendance fees or other incentives are non-monetary benefits are given. The statutory auditors are reimbursed for food, lodging and travel expenses to carry out their duties;
- Key management: managers with key responsibilities for the company receive a global compensation package that includes a fixed component (that reflects the complexity of their role, the level of the position and the distinctive knowledge/skills held) and a short-term variable component (with reference to the MBO system¹⁶) on an annual basis, and non-monetary benefits. The remuneration policies are defined in accordance with the law and the provisions of the articles of association, in addition to the provisions of the Code of Corporate Governance of listed Companies as adopted by the Company, and are approved by the Board of Directors on proposal by the Remuneration and Appointment Committee, and therefore subject to non-binding vote by the Ordinary Shareholders' Meeting in accordance with article 123-ter, paragraph 6 of Legislative Decree no. 58/1998 ("TUF").

With regard to the above, for more details please refer to the first Section of the Remuneration Report (www.rairway.it, section Corporate Governance/ Shareholders' Meeting/General Meetings/ Ordinary Shareholders' Meeting of 19 April 2019).

4.3.9 Industrial relations

GRI (102-41) (402-1)

The involvement of trade union organisations at a national level is of fundamental importance for Rai Way for both efficiency and valorisation. New guidelines were drawn up with respect to the trade unions that led to consolidation of the industrial relations meetings, also to ensure that the labour organisation models in the territory confirmed by the Agreements signed at national and local level were fully operational. However, innovative elements were incorporated into the renewal of the Group collective labour contracts, achieved through the second level corporate negotiations with respect to the professional profiles.

Rai Way also further developed the exchange and dialogue, at local level, with the Unitary Trade Union Representatives, in order to ensure constructive dialogue and aimed at an improved understanding of the specific nature of the territories and respective requirements.

100% of the Company employees are covered by collective contractual agreements.

¹⁹ Regarding the calculation of final balance for 2018, please refer to the second Section of the 2019 Remuneration Report and refer to the notes

At the end of 2018, there were 325 employees registered with trade union organisations, equal to about 53% of the workforce.

Regarding the management of labour law disputes, which are extremely limited, including in 2018, this was followed by the legal department of the Company in coordination with the Chief Human Resources Officer division.

4.4 Rai Way's commitment to financial efficiency

GRI (201-1)

The economic and financial results achieved by Rai Way in 2018 were the result of the strategies set out under the Company's Business Plan, approved and submitted to the financial community in September 2015 after almost a year from the listing. The Company aims to reach the following main objectives:

- Consolidate its leadership in the TV and Radio Broadcasting market through a stronger commercial focus that enhances the value of the existing infrastructures and skills, expanding its activities with leading national and regional operators and strengthening the competitive position of the company;
- Expand the services to RAI through supplying new services that are not valorised in the fees paid under the current service contract;
- Diversify the services to third party customers, both in the TV and Radio Broadcasting market and the telecommunications market, mainly through the introduction of wireless broadband services that can strengthen the capacity of the Rai Way network;
- Increase operating efficiency through optimisation of the main cost items, and through policies to improve the organisation and reduce maintenance investments, especially with respect to the active infrastructure component.

4.4.1 2018 in short

In 2018, Rai Way continued to consolidate its activities on the Italian radio and television transmission infrastructure market and in the mobile communication market.

Revenues for the Company in 2018 amounted to 217.7 million euros, up on the previous year (in 2017, they amounted to 216.2 million euros) due to the increase in revenues from the new services offered to RAI.

The adjusted EBITDA amounted to 118.3 million euros, an increase of 2.8 million euros compared to 31 December 2017 mainly due to optimisation of the operating expenses. The Company defines that indicator as EBITDA adjusted by non-recurring charges.

EBIT amounted to 83.8 million euros, up 2.4 million euros compared to 31 December 2017, while the Net Profit amounted to 59.7 million euros, up 6.2% compared to 31 December 2017.

The Net Capital Invested amounted to 164.3 million euros, with a Net Financial Position of -16.6 million euros and equity of 180.8 million euros.

FINANCIAL PERFORMANCE:

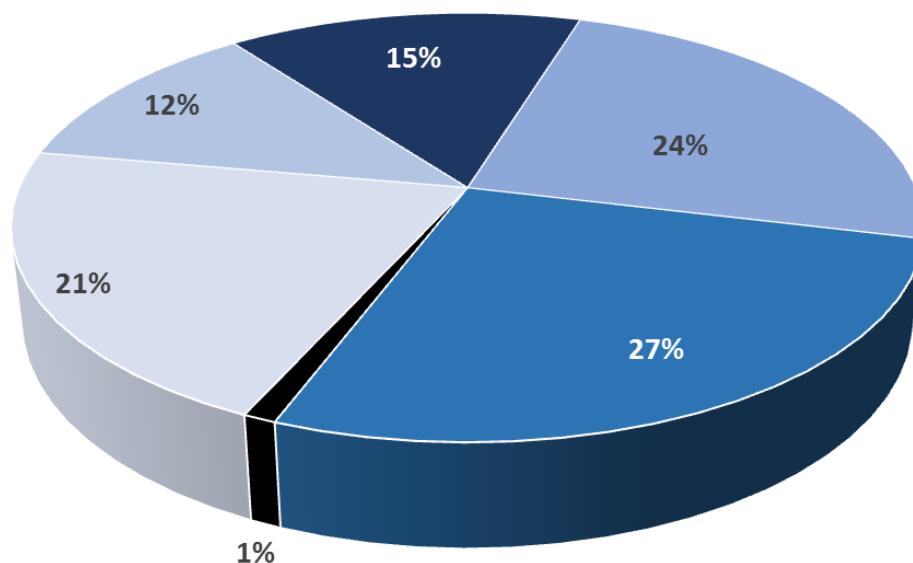
- Core revenue stood at 217.7 million euros, with an 0.7% increase over the amount recorded on 31 December 2017;
- EBIT amounted to 83.8 million euros, up 2.4 million euros compared to the amount recorded on 31 December 2017;
- the net profit was 59.7 million euros, up 6.2% compared to the amount recorded on 31 December 2017;
- investments stood at 27.0 million euros and refer to maintenance of the network infrastructure and development projects.

4.4.2 The economic value directly generated and distributed

The following reclassified income statement shows the economic value directly generated by Rai Way and distributed in various forms to internal and external stakeholders, especially to: Suppliers, Business partners, Lenders, Shareholders, the Public Administration and the Community.

The remaining part, equal to the profit for the year, net of the amount distributed to shareholders as dividends, to which amortisation/depreciation and provisions must be added, shows the value generated in the year and held back by the company.

	2018	2017
Economic value generated	217,877,003	217,066,761
Economic value held back	33,322,067	34,276,090
Economic value distributed	184,554,936	182,790,671
<i>Suppliers</i>	<i>52,087,435</i>	<i>53,152,169</i>
<i>Business Partners</i>	<i>46,070,318</i>	<i>47,138,671</i>
<i>Lenders</i>	<i>1,240,582</i>	<i>1,686,765</i>
<i>Shareholders</i>	<i>59,745,563</i>	<i>54,388,761</i>
<i>Inland revenue and local taxes</i>	<i>25,411,038</i>	<i>26,424,305</i>
<i>Company</i>	<i>33,322,067</i>	<i>34,276,090</i>



■ Local Inland Revenue and Tax System ■ Company ■ Suppliers ■ Shareholders ■ Lenders ■ Business partners

The economic value directly generated and distributed

The economic value distributed to internal and external stakeholders (85% of the total economic value generated)

4.4.3 The investments

Investments of 27.0 million euros were made in 2018 (16.3 million euros in the same period of 2017), relating to maintenance of the Company network infrastructure for 19.4 million euros (12.5 million euros in the same period of 2017) and the development of new projects for 7.6 million euros.

Rai Way investments (€/mm)	2018	2017
Maintenance investments	19.4	12.5
Development investments	7.6	3.8
Total investments	27.0	16.3

Continuing on from the previous year, the most significant maintenance investments related to renewal of the transmission equipment and radiant equipment for the radio services in order to ensure the highest levels of reliability and availability of service; investments also continued to be made to strengthen and improve the IP control network and virtualise the management system to meet all the connectivity requirements between apparatus, systems and users.

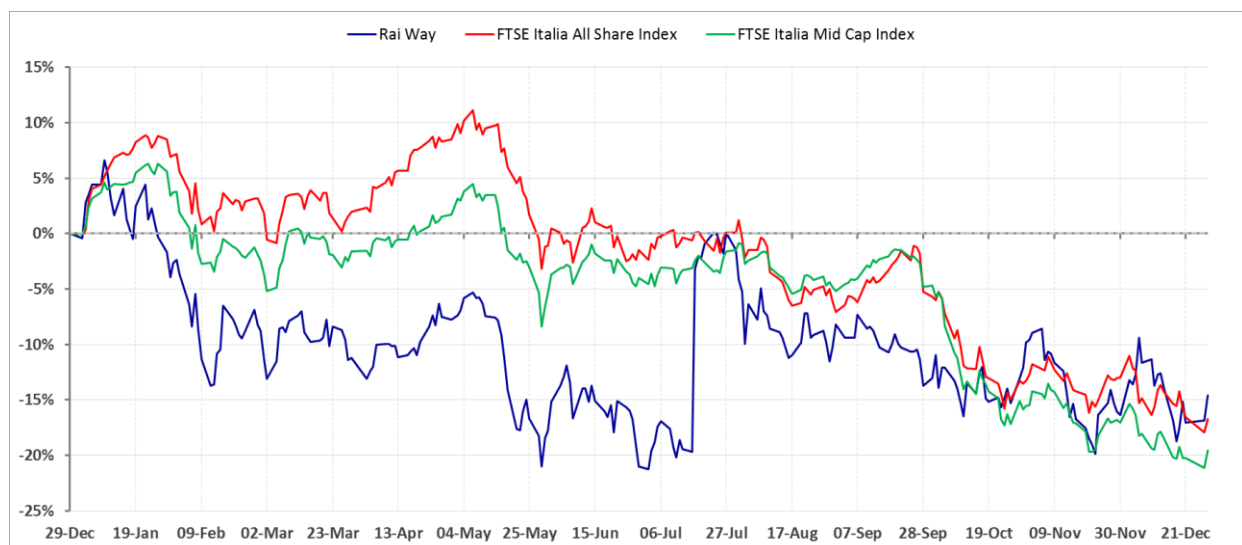
Development investments mainly related to the replacement of certain transmission connections operating in the frequency bands of 3695 MHz - 3800 MHz in order to fulfil the obligation to free up the related frequency bands to be used to develop fifth generation “5G” mobile telephone services and extend the DAB+ service, creating new positions along the motorway locations.

4.4.4 Rai Way on the financial markets

After two very positive years, in 2018 the financial markets changed course, showing the first signs of a slowdown in economic recovery at global level, along with a certain amount of unrest relating to growing geopolitical and commercial tensions and political uncertainty, especially at European level.

The Italian stock market (FTSE Italy All Share) ended 2018 at -16.7% (-13.9% adjusted for the distribution of dividends), with a marked downturn in the second half of the year, also considering the above-mentioned expectations for a slowdown in growth at national and global levels. The increase in the spread between Italian bond yields and the equivalent German bunds increased from 114 base points at the end of 2017 to 254 base points at the end of 2018, which weighed on bank stock prices, the most representative stock on the exchange list.

The Rai Way shares, which have been listed on the Mercato Telematico Azionario of the Italian stock market since 19 November 2014 following the completion of the Global Offering, fell by 14.6% in 2018 (10.6% adjusted for the distribution of the dividend) with a performance that was slightly higher than the market performance. This performance was led by the general market scenario, regulatory dynamics and internal consolidation in the industry. Rai Way ended 2018 with a capitalisation of 1,179.1 million euros.



The main market information is shown below:

Main market information		
General figures	ISIN	IT0005054967
	Number of shares	272,000,000
	Floating	35.03%
Price (Eur; %)	Placement price (19/11/2014)	2.95
	Price as at 31/12/2017	5.075
	Price as at 31/12/2018	4.335
	Performance as at 31/12/2018 compared to placement price	+46.95%
	Performance as at 31/12/2018 compared to 31/12/2017	-14.58%
	Maximum price (closing) in 2018	5.41
	Minimum price (closing) in 2018	3.995
Volumes ('000)	Average volumes in 2018	107.519
	Maximum volumes in 2018	1,510,736
	Minimum volumes in 2018	14.236
Capitalisation (millions of euros)	Capitalisation at placement (19/11/2014)	802.4
	Capitalisation as at 31/12/2017	1,380.4
	Capitalisation as at 31/12/2018	1,179.1

5. Appendices

5.1 Legislative Decree 254/2016 correlation table and the contents of the document

The table below shows the correlation between the disclosure request provided under Legislative Decree 254/2016 and the contents of the document, and the correlation between the issues provided for under Legislative Decree 254/2016 and the relevant topics identified by Rai Way on the basis of the GRI standards.

		GRI Disclosure		
The company management and organisation model for company business activities	Name of the organisation	102-1		
	Business activity, brands, products and services	102-2		
	Location of the main office	102-3		
	Location of the operations	102-4		
	Ownership structure and company legal status	102-5		
	Markets served	102-6		
	Extent of the organisation	102-7		
	Information on the employees and other workers	102-8		
	Values, principles, standards and rules of behaviour	102-16		
	Mechanisms for advice and concerns about ethics	102-17		
	Governance structure	102-18		
	GRI topic	Policies adopted	Risks identified and management methods	
Environmental	Emissions Energy Compliance with environmental laws and regulations	See 4.2 for Rai Way's commitment to the environment	See 3.2 for the internal control system and risk management and 4.2 for Rai Way's commitment to the environment	
Social	Public policies Socio-economic compliance Health and safety of the customers/consumers Customer privacy	See 3.3 Management of privacy, health and safety of the customers The policies used are shown in the MOG whose text was approved by the Board of Directors. Additionally, as reported in the Code of Ethics, the Company is fully committed to complying with the law, professional ethics and regulations in effect in all the countries it operates in. The recipients of the Code will therefore undertake to comply with this principle within the scope of their working activities. In accordance with internal rules (MOG and the Code of Ethics) and national and international laws that the company is subject to, it was not considered necessary to adopt a specific formalised policy for that purpose.	See 3.2 the internal control system and risk management and 3.3 Management of privacy, health and safety of the customers	

Legislative Decree 254/2016

	Relating to staff	<p>Work policies to manage human resources</p> <p>Staff training</p> <p>Remuneration policies</p> <p>Industrial relations</p> <p>Diversity and equal opportunities</p> <p>Occupational health and safety</p> <p>Non discrimination policies</p> <p>Freedom of association and right to collective bargaining</p>	See 4.3 The commitment of Rai Way to human resources	See 3.2 for the internal control system and risk management, 4.2 for Rai Way's commitment to the environment and 4.3 The commitment of Rai Way to human resources
	Human Rights	Considering the area of business activity of the organisation, the compliance of the company with the laws of the country it operates in and its support of international laws on human rights, the issues is not considered material and there are no specific risks linked to respecting said rights.		
	Anti Bribery	Anti Bribery	See 3.2.2 Model 231 and anti-bribery monitoring	See 3.2.2 Model 231 and anti-bribery monitoring

5.2 GRI Content Index

GENERAL DISCLOSURES			
Standard		Paragraph	Notes
Profile of the organisation			
102-1	Name of the organisation	2.1 The guarantee of public service	
102-2	Main brands, product and/or services	2.1 The guarantee of public service	
102-3	Location of the general headquarters of the organisation	2.1 The guarantee of public service	
102-4	Number of countries that the organisation operates in	2.1 The guarantee of public service	
102-5	Ownership structure and legal status	2.4 The shareholders and financial community	
102-6	Markets served	2.1 The guarantee of public service; 2.3 The activities of Rai Way and the applicable market	
102-7	Sizes of the organisation (for example employees, net revenue, etc.)	4.1 The commitment of Rai Way towards the territory; 4.3.1 Rai Way employees	
102-8	Number of employees by type of contract, geographic area and gender	4.3.1 Rai Way employees	
102-9	Description of the supply chain (no. of suppliers, type, provenance, etc.)	4.1.2 Sustainable procurement of supplies and procedures open to public scrutiny	
102-11	Explanation of the application of the prudential approach	3.2 The internal control system and risk management	
102-12	Agreement of codes of conduct, standards and charters developed by external entities/associations	3.2 The internal control system and risk management	
102-13	Membership of associations	4.1.3 Communication activities	
Strategy			
102-14	Statement by the chief executive officer regarding the importance of sustainability for the organisation and its strategy	Chairperson's Letter	

102-15	Description of the main impacts, risks and opportunities from the economic, social and environmental standpoints (for example effects on stakeholders, expectations and company approach towards availing of opportunities, etc.)	Chairperson's Letter	
Ethics and Integrity			
102-16	Mission, values, codes of conduct and standards	2.1 The guarantee of public service; 2.2 the Company values	
Governance			
102-18	Governance structure of the organisation	3.1 Governance and the organisational structure of Rai Way	
102-22	Composition of the top governance body	3.1 Governance and the organisational structure of Rai Way	
102-24	Description of the processes and criteria to select and appoint the members of the top governance body	3.1 Governance and the organisational structure of Rai Way	
Remuneration policies			
102-35	Description of salary policies	3.1.3 The Board of Directors; 4.3.8 The remuneration and bonus system	
102-36	Description of the remuneration determination process	3.1.3 The Board of Directors; 4.3.8 The remuneration and bonus system	
Stakeholder engagement			
102-40	List of stakeholder groups with whom the organisation is involved	1.1 The involvement of the stakeholders	
102-41	Percentage of employees covered by collective contractual agreements.	4.3.9 Industrial relations and the management of disputes	
102-42	Standards to identify and select the main stakeholders with whom to undertake the involvement activities	1.1 The involvement of the stakeholders	

102-43	Approach to the stakeholder involvement activities, specifying the frequency by type of activity developed and by group of stakeholder	1.1 The involvement of the stakeholders	
102-44	Key arguments and weaknesses that emerged from the stakeholder involvement activities and how the organisation reacted to the weaknesses that emerged, also in reference to what is indicated in the report	1.1 The involvement of the stakeholders	
Reporting practice			
102-45	List of the companies included in the consolidated financial statements and indication of the companies not included in the report	1.3 Methodological note	
102-46	Process defining the contents of the financial statements	1.3 Methodological note	
102-47	List of the aspects identified as material	1.2 The matrix of materiality	
102-48	Explanation of the effects of changes in the calculations	-	NA
102-49	Significant changes compared to the previous reporting period	-	There were no significant changes
102-50	Reporting period	1.3 Methodological note	
102-51	Publication Date of the most recent financial statements		Second year of report
102-52	Frequency of Reporting	1.3 Methodological note	
102-53	Useful contacts and addresses to ask for information on the financial statements and their content	http://www.railway.it/contatti-utili	
102-55	GRI Table	<i>GRI Content Index</i>	

SPECIFIC DISCLOSURES			
Corporate category			
Policies for human resource management			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.3 The commitment of Rai Way to human resources	
401-1	Total number of hires and turnover rate by age, gender and geographic area groups	4.3.2 the recruitment, selection and turnover process in Rai Way	
401-2	Benefits given to full-time employees that are not given to temporary or part-time employees	4.3.5 Rai Way company welfare	
401-3	Return to work and return rights following parental leave	4.3.5 Rai Way company welfare	
Industrial relations management			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.3.9 Industrial relations	
402-1	Minimum notice period for operational changes, including whether this notice period is specified in the collective labour contracts	4.3.9 Industrial relations	The Agreement of 22 November 2001 governs the management of work conflicts and strikes. In more ample terms, information is provided on the organisational models, productivity and in general the main indicators that regard the work factor as part of the industrial relations system, without any minimum notice periods.

Occupational health and safety:			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.3.4 The protection of health and safety at the workplace	
403-2	Type of accidents, accident rate, professional illnesses, work days lost and absenteeism and number of work-related fatal accidents broken down by region and gender	4.3.4 The protection of health and safety at the workplace	
403-3	Workers with a high rate or high risk of accident or occupational disease	4.3.4 The protection of health and safety at the workplace	
403-4	Health and Safety topics including in formal agreements with the trade unions	4.3.4 The protection of health and safety at the workplace	
Staff training			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.3.3 The development and training of human capital	
404-1	Average number of training hours per employee per year, by gender and employee category	4.3.3 The development and training of human capital	
404-2	Programmes to manage skills and continuous learning that support the continuous employability of employees and help them to manage the end of their careers	4.3.3 The development and training of human capital	

404-3	Percentage of employees who receive regular reports on the results and career development, by gender and employee category.	4.3.3 The development and training of human capital	In the framework provided under the applicable collective contract/laws and consequent disclosure framework, no regular reports on the results and development of the career are provided for apart from the MBO system for managers and the annual management planning.
Protection of diversity and equal opportunities			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.3.6 Diversity, equal opportunity and non discrimination	
405-1	Composition of the governance bodies and break down of the employees by gender category, age groups, whether they belong to minority groups or other diversity indicators	4.3.6 Diversity, equal opportunity and non discrimination	
405-2	Ratio between basic male salary and basic female salary by category and by operational qualification	4.3.6 Diversity, equal opportunity and non discrimination	
Non discrimination policies			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.3.6 Diversity, equal opportunity and non discrimination	
406-1	Total number of episodes linked to discriminatory practices and actions taken	GRI Table	There were no incidents of discrimination in the period under consideration
Freedom of association and right to collective bargaining			

103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.1.2 Sustainable procurement of supplies and procedures open to public scrutiny	
407-1	Identification of the activities and main suppliers where the freedom of association and collective bargaining may be exposed to significant risks and actions undertaken to defend those rights	4.1.2 Sustainable procurement of supplies and procedures open to public scrutiny	
Public policies			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	GRI Content Index	No disbursements were made to public institutions in general during the year (as provided by the Group Code of Ethics)
415-1	Total value of political contributions, by country and beneficiary	GRI Content Index	
Management of the health and safety of the customers			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	3.3 Management of privacy, health and safety of the customers	
416-1	Percentage of the product and service categories where the impacts on health and safety are assessed has having improved	3.3 Management of privacy, health and safety of the customers 4.2.2 (see the actions taken to reduce electromagnetic impact)	

416-2	Total number of cases of non compliance with regulations and voluntary codes regarding the impact on the health and safety of the products and services during their life cycle:	3.3 Management of privacy, health and safety of the customers	
Respecting customer privacy			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	3.3 Management of privacy, health and safety of the customers	
418-1	Justified complaints regarding privacy infringement of customers and loss of their data	3.3 Management of privacy, health and safety of the customers	
Socio-economic compliance			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	Letter by the Chief Executive Officer	

		<i>GRI Content Index</i>	
419-1	Monetary value of any significant fines and total number of non-monetary sanctions imposed due to breach of laws or regulations		In the period considered, there were no significant fines issues relating to the breach of laws and/or regulations in the socio-economic area; the penalty proceedings and related court-based and out-of-court proceedings that Rai Way was subject to related to other types of administrative areas for an overall amount that was insignificant
Economic category			
Economic performance			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.4 Rai Way's commitment to economic efficiency	
201-1	Direct economic value generated and distributed	4.4 Rai Way's commitment to economic efficiency	
Anti Bribery			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	3.2.2 Model 231 and anti-bribery monitoring	
205-1	Activities assessed in relation to the risks of bribery and the main risks identified	3.2.2 Model 231 and anti-bribery monitoring	
205-2	Communication and training on anti-bribery policies and procedures of the organisation	3.2.2 Model 231 and anti-bribery monitoring	

205-3	Any bribery found and actions taken	3.2.2 Model 231 and anti-bribery monitoring	
Environmental category			
Energy			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.2.1 Energy consumption and energy efficiency	
302-1	Energy consumption in the organisation	4.2.1 Energy consumption and energy efficiency	
Water			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.2.3 Water consumption	
303-1	Total water used by source of procurement	4.2.3 Water consumption	
Emissions			
103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.2.2 Atmospheric emissions	
305-1	Emissions of direct greenhouse gases (Scope 1)	4.2.2 (see the emission of greenhouse gases into the atmosphere)	
305-2	Emissions of greenhouse gases generated by energy consumption (Scope 2)	4.2.2 (see the emission of greenhouse gases into the atmosphere)	
305-6	Emissions of ozone-depleting substances (ODS)	4.2.2 Emissions of ozone-depleting substances	
Compliance with environmental laws and regulations			

103-1 103-2 103-3	Explain how the organisation manages the material aspects (for example strategic choices, actions undertaken, procedures and policies adopted, etc.), the associated impacts, reasonable expectations and stakeholder interests	4.2.7 Environmental compliance and the management of environmental disputes	
307-1	Failure to comply with environmental laws and regulations	4.2.7 Environmental compliance and the management of environmental disputes	

Rome, 14 March 2019

On behalf of the Board of Directors

The Chairperson

Raffaele Agrusti