



(Translation from the Italian original which remains the definitive version)

2021 ANNUAL REPORT

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Chairwoman's letter

Dear Shareholder,

In 2021, the year for which we submit this annual report to you, the economic and social context improved despite remaining deeply affected by the public health emergency.

After a positive start to the year, driven by the roll-out of the vaccination campaign and prospects of renewed European cohesion with the launch of the Next Generation EU plan, significant uncertainties arose, slowing the recovery: new and unexpected waves of Covid-19 infections, the extension of many restrictions, the sudden spike in the prices of energy and a handful of essential commodities and rising geopolitical tension.

With the European Union's unprecedented support for Italy (over €200 billion in funding allocated between 2021 and 2026), the country was able to launch a formidable series of investments with the related structural reforms centred around the National Recovery and Resilience Plan. The FS Italiane group plays a crucial role in this plan and has already been assigned funds of roughly €25 billion, with other projects currently being defined.

As the world waits for Covid-19 to become endemic, the virus continues to wreak havoc on mobility, not only due to the restrictions put in place to limit the risk of infections spreading, but also because of its effects on people's use of collective transport. Indeed, we only carried one passenger in 2021 for every three passengers transported in 2019 (pre-pandemic) on the high speed (HS) network (-62%), one in two on the regional railway network (-50%) and less than two for every three on the road transport network (-42%).

In the infrastructure segment, the National Recovery and Resilience Plan injected precious new life into the group's investments, driving a substantial acceleration in its plans to improve the country's mobility system. In 2021, capital expenditure totalled €12.5 billion (roughly €3.5 billion more than in 2020, +40%), the highest ever in the history of the FS Italiane group and confirming it as the largest investor in Italy. Infrastructure received 84% of these investments (65% for railway and 18% for road infrastructure), while 15% went to passenger and freight transport and the residual 1% for other services (specifically technologies and ICT services). The biggest investment project in the passenger transport segment was the ramped-up updating of the regional fleet, with 96 new, more comfortable, faster and more sustainable next-generation trains placed in service in 2021 (compared to 86 in 2020 and 49 in 2019).

The amount of infrastructure tenders called and awarded in 2021, respectively totalling 10.4 billion and 25.5 billion, heralds the profound transformation that the group intends to unleash on the mobility infrastructure network in the years ahead. For example, with tenders for a total of €2.7 billion already called, we could extend the European Rail Traffic Management System (ERTMS), which has so far been limited to the HS network, to conventional railway lines. In this way, we would improve the safety and capacity of lines, which would also entail more frequent and faster trains.

As for its financial performance, in 2021, the FS Italiane group generated revenue of €12.2 billion (+€1.3 billion on 2020) with a positive gross operating profit (€1.9 billion, +€0.3 billion). The group also brought back to positive territory the operating profit (€0.2 billion, +€0.5 billion) and the profit for the year (€193 million, +€755 million).

As demonstrated by its strong ICR and SACP ratings, the group has maintained financial stability: net financial debt and the debt ratio are the same as in 2020 at €8.9 billion and 0.21, respectively.

Creating value for the country means contributing to the development of a sustainable economy. In our NFS, which is included in the directors' report, we have explained how the FS Italiane group now talks about sustainable strategies, integrating sustainability initiatives in business planning.

For example, from an environmental perspective, in 2021 we increased the percentage of energy used for traction that was certified as produced from renewable sources from 37% to 61% and, despite the robust increase in traffic volumes (train-km +11%, bus km +3%), we managed to contain our greenhouse gas emissions (-1%).

And from a social standpoint, we renewed our workforce (8,680 new hires with 6,754 employees leaving the company, net of the transfer of companies), recruiting young people and narrowing the gender gap at all professional levels, including management. We delivered 27% more training days and reached important agreements with the trade unions, offering, among other things, the possibility for employees to work from home six to 11 days per month, when compatible with their duties. We are very proud of the work of the help centres and shelters which we host in our spaces in 18 cities, and the social, cultural and environmental non-profit projects that can be developed in the spaces we grant to local associations and other charitable bodies for free in 390 cities (156,704 square metres in 2021).

As for corporate governance and the internal control and risk management system, in addition to renewing the C-suite of some of the group's main companies, bringing in well-respected professionals of high standing, we have kicked off a process to improve and streamline our governance model. It will take shape in the year to come, ushering in transparency, simplification, accountability and consistency across all group companies.

Overall, the group's ESG results have an "Advanced" Moody's ESG Solutions rating, a "B" Carbon Disclosure Project rating (focused on climate change) and a score of "A-" for its engagement with suppliers in respect of ESG aspects.

Our term of office began in May with a reflection on our strategy and organisational architecture to prepare the group to fully inhabit its role as the country's systemic sustainable mobility operator.

In the 2022-2031 strategic plan, which we will present in the upcoming weeks and which encapsulates this reflection, we will establish a new vision of the FS Italiane group, heavily focused on the group's identity as an integrated mobility player serving the territory, capable of reducing distances and inequalities, developing professionals and talent and seizing fully upon the synergies between the group companies operating in different segments.

With the commitment of all our people, our strong results and solid financial position and equity as our launch pad, we will drive sustainable economic development wherever we operate.

The Chairwoman

Nicoletta Giadrossi

FERROVIE DELLO STATO ITALIANE S.p.A. COMPANY OFFICERS

BOARD OF DIRECTORS

Chairperson

Gianluigi Vittorio Castelli

Nicoletta Giadrossi

CEO

Gianfranco Battisti

Luigi Ferraris²

Directors

Andrea Mentasti

Pietro Bracco

Francesca Moraci

Stefano Cuzzilla

Flavio Nogara

Alessandra Bucci

Cristina Pronello

Riccardo Barbieri Hermitte

Vanda Ternau

Paola Gina Maria Schwizer³

Board of statutory auditors

In office since 3 July 2019⁴

Chairwoman

Alessandra dal Verme

Standing statutory auditors

Susanna Masi

Gianpaolo Davide Rossetti

Alternate statutory auditors

Letteria Dinaro

Salvatore Lentini

COURT OF AUDITORS' MAGISTRATE APPOINTED TO AUDIT FERROVIE DELLO STATO ITALIANE S.p.A.⁵

Giovanni Coppola

MANAGER IN CHARGE OF THE COMPANY'S ACCOUNTING DOCUMENTS PREPARATION

Roberto Mannozi

INDEPENDENT AUDITORS

KPMG S.p.A. (2014-2022)

¹ Following the shareholder's resolution on the same date.

² Appointed CEO on 3 June 2021.

³ Appointed by the shareholder on 6 August 2021.

⁴ Following the shareholder's resolution on the same date.

⁵ During the meeting of 17-18 December 2019, the Court of Auditors appointed Section President Giovanni Coppola to oversee the financial management of the parent as from 1 January 2020 pursuant to article 12 of Law no. 259/1958.

Group highlights

Ferrovie dello Stato Italiane group's annual report

This annual report includes the consolidated and separate financial statements of Ferrovie dello Stato Italiane S.p.A. ("FS Italiane") and the directors' report, which meets the provisions of the Italian Civil Code and complies with the regulations of Legislative decree no. 254 of 30 December 2016 applicable to non-financial information.

Disclaimer

This document and, in particular, the part titled "Outlook" contain forward-looking statements based on current expectations and projections of future events. By their very nature, these statements present inherent risks and uncertainties. They refer to events and depend on circumstances that might, or might not, occur or arise in the future and, as such, cannot be fully relied upon. Actual results may differ, even significantly, from the data in these statements due to myriad factors - such as the impact of the Covid-19 pandemic, which is still unfolding, and the geopolitical turmoil due to the diplomatic and military crisis between the Russian Federation and Ukraine. These two factors could lead to widely disparate potential future scenarios with many different effects - and including, but not limited to, the volatility and deterioration of capital and financial markets, changes in raw material and energy prices, changes in macroeconomic conditions and economic growth and other changes in business conditions, changes in legislation and the institutional context (both in Italy and abroad), difficulties in carrying out production and providing services, including restrictions to the use of the infrastructural railway/road network, the use of plants and supplies and many other risks and uncertainties, most of which are exogenous to the group.

Key and glossary

Non-GAAP performance indicators

Below is a description of the criteria used to determine the non-GAAP performance indicators used in this report, which differ from the criteria applied to the IFRS financial statements. Management finds these indicators useful in monitoring the group's performance and believes they reflect the financial performance of its business segments.

Gross operating profit: this is an indicator of the performance of operations and reflects the group's core business only. It is calculated as the difference between revenue and operating costs.

Operating profit: this is an indicator of the performance of operations and is calculated as the algebraic sum of gross operating profit and amortisation and depreciation, impairment losses (impairment gains) and provisions.

Net operating working capital: this is the algebraic sum of inventories, contract assets, current and non-current trade receivables and current and non-current trade payables.

Other assets, net: these reflect the sum of assets and advances from the Ministry of the Economy and Finance for grants, deferred tax assets, other current and non-current assets and other current and non-current liabilities.

Working capital: this is the sum of net operating working capital and other assets, net.

Net non-current assets: these reflect the sum of property, plant and equipment, investment property, intangible assets and equity investments.

Other provisions: these reflect the sum of post-employment benefits and other employee benefits, the provision for litigation with employees and third parties, the provisions for other sundry risks and deferred tax liabilities.

Net invested capital (NIC): this is the algebraic sum of working capital, net non-current assets, other provisions and net assets held for sale.

Net financial debt (NFD): this is a financial indicator calculated as the algebraic sum of bonds, non-current bank loans and borrowings and the current portion thereof, current bank loans and borrowings, current and non-current loans and borrowings from other financial backers, loan assets with the Ministry of the Economy and Finance for current fifteen-year grants, cash and cash equivalents and current and non-current financial assets.

Equity (E): this is a financial statements indicator calculated as the algebraic sum of share capital, reserves, retained earnings (losses carried forward), current and non-current derivative liabilities and the profit (loss) for the year.

Capital expenditure: this indicator reflects the trend in group investments of the year and includes the group's investment programmes/projects (including investments via leases or special purpose vehicles) to support business development. These programmes/projects consist of investments in property, plant and equipment, concessions and other intangible assets, excluding financial investments (i.e., those relating to equity investment transactions). Specifically, the indicator is calculated as the algebraic sum of investments of the year/in progress in: i) property, plant and equipment, ii) intangible assets; iii) investment property; iv) change in concession work; v) trading property, net of asset acquisitions between group companies.

Gross operating profit margin: this profitability indicator is calculated as the ratio of gross operating profit to revenue.

Operating profit margin – ROS (return on sales): this sales profitability indicator is calculated as the ratio of operating profit to revenue.

Debt/equity ratio: this indicator is used to measure the group's debt. It is calculated as the ratio between net financial debt and equity.

ROE (return on equity): this is a profitability indicator for equity and is calculated as the ratio of profit (loss) for the year and average equity, using the average of opening equity (including the profit (loss) for the previous year) and closing equity (net of the profit (loss) for the year).

ROI (return on investment): this is a profitability indicator for invested capital through core business operations. It is calculated as the ratio of operating profit to average NIC (the average of opening and closing NIC).

Net asset turnover: this is an efficiency indicator that expresses invested capital's ability to transform into sales revenue. It is calculated as the ratio of operating revenue to average NIC (the average of opening and closing NIC).

Generated economic value: this indicator reveals how the group generates wealth for its stakeholders and includes revenue from sales and services and other sundry income. It is calculated as the algebraic sum of other income, financial income and the share of profits (losses) of equity-accounted investees.

Distributed economic value: this indicator reveals how the group distributes the wealth it generates to stakeholders and it includes operating costs, employee remuneration, donations and other investments in the community, retained earnings and payments to financial backers and to the public administration.

Income other than directly generated economic value: this caption includes the financial statements caption "Other income" plus financial income.

Payments to financial backers in distributed economic value: this caption includes remuneration to financial backers, including distributed dividends, borrowing costs and other forms of debt.

Payments to public bodies in distributed economic value: this caption includes taxes and duties of the year included in the captions "Income taxes" and "Other operating costs", excluding deferred taxes.

Economic impact: this measures the FS Italiane group's contribution to the generation of national value added, i.e., the domestic economy's exposure to the group's operations and investments in the year. The methodological approach provides a measure of the direct, indirect and induced impact of the group's operations and investments.

FTE jobs impact: this indicator reflects the full-time equivalent jobs created as a result of the group's existence and operations in Italy. It includes jobs created directly as well as indirect and induced jobs.

Sustainability glossary

The following terms are frequently used in relation to Regulation (EU) 852/2020 on the establishment of a framework to facilitate sustainable investments:

Climate change adaptation: the process of adjustment to actual and expected climate change and its impacts;

Aligned activity/environmentally sustainable activity: an economic activity that is aligned with the taxonomy, i.e., that meets the requirements of article 3 of Regulation (EU) 852/2020;

Eligible activity: an economic activity described in the delegated acts adopted pursuant to article 10 of Regulation (EU) 852/2020, irrespective of whether such economic activity meets one or all of the technical screening criteria in the applicable delegated acts;

Environmentally sustainable investment: an investment in one or several economic activities that qualify as environmentally sustainable under this Regulation (EU) 852/2020;

Climate change mitigation: the process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1.5 °C above pre-industrial levels, as laid down in the Paris Agreement;

Turnover KPI (proportion of turnover): this key performance indicator expresses the proportion of turnover from products or services associated with taxonomy-aligned economic activities (eligible activities only in 2021);

Operating expenditure KPI (proportion of OpEx): this key performance indicator expresses the proportion of an economic activity's OpEx which is taxonomy aligned (eligible activities only in 2021);

Capital expenditure KPI (proportion of CapEx): this key performance indicator expresses the proportion of an economic activity's CapEx which is taxonomy aligned (eligible activities only in 2021);

Glossary

The following terms are frequently used in this report in relation to the group's operations:

Computerised interlocking system: electronic management system for control and signalling and station safety.

ARIS: All-relay interlocking system. This centralised system has one single button to control routes and routing and automatically shunts each individual body affected by the route.

ATC: Automatic train control. This system automatically controls the train's speed. It is the technological and functional evolution of the automatic train protection (ATP).

HS/HC: High speed/High capacity. This is the system of lines and means specifically developed for high speed transport and the consequent high capacity transport.

Average load: (pkm/tkm) This ratio expresses the number of passenger-km per train-km, i.e., how many people a train can transport on average.

RFI Government Programme Contract (RFI GPC): this is a long-term contract between the Ministry of Infrastructure and Transport ("MIT") and Rete Ferroviaria Italiana S.p.A. ("RFI S.p.A.") defining investment projects and other terms and conditions, such as network maintenance, to encourage the development of the railway system.

Anas Government Programme Contract (Anas GPC): this is a long-term contract between the MIT and Anas S.p.A. defining investment projects and other terms and conditions, mainly maintenance, to encourage the development of the road network.

Public service contracts: these are contracts between the MIT/Ministry of the Economy and Finance ("MEF") and Trenitalia S.p.A. whereby the former reimburses the latter for the cost of public passenger transport services that could not otherwise sufficiently self-fund.

Main line: this is a particularly important series of railway lines in terms of traffic volumes and the transport role that it plays, as it joins major network centres or hubs.

ERA (European Railway Agency): agency establishing the mandatory requirements for European railways and builders in the form of technical interoperability specifications applicable to the European railway system. The ERA sets common safety targets, along with the related methods and common safety indicators, in compliance with Directive no. 2004/49/EC, as amended

European Rail Traffic Management System (ERTMS): this is the system that integrates the various railway networks in the EU from a functional and operational standpoint and provides for the European Train Control System.

ETCS (European Train Control System): this is the overall network of the various national automatic train control (ATC) systems. ATC systems consist of conventional and innovative signalling systems and can be based on continuous signal repetition (CSR) or continuous digital signal repetition (CDSR).

GSM-R (Global System for Mobile Communication): this is the European standard for public digital mobile telephony system with a transmission speed of 9.6 Kbps.

Plant: this is a railway company's production unit with a fixed location and identifiable area of jurisdiction on the railway network. It may belong to either the infrastructure operator or the transport companies.

Daily mobility ratio (DMI): this is the ratio of the total number of journeys taken in a day by the inhabitants of a given city to its total number of inhabitants.

Load factor (pkm/seat-km): this indicator measures the saturation of the commercial offer.

Hub: this is a conventional term to define a railway area that generally coincides with major metropolitan destinations presenting highly dense and relatively complex medium-size to large stations and other railway systems that are interconnected by various lines, creating a continuation of the main routes into the same hub and other lines, built to manage various traffic flows and alternative routes, or service loops.

Doubling: this is the transformation of a single track to a double track.

CCS/CTC: this command and control system/large network central traffic control system regulates traffic on the main lines and hubs, outperforming traditional centralised traffic control systems.

TSCS: train speed control system. This is the first functional stage of the ATC system for constant control over train speed, making it possible to activate the emergency brakes if the train exceeds the maximum speed allowed on the line or if it proceeds past stop signals.

Terminal: this is the intermodal transport infrastructure for the transfer of large load units between carriers, with or without warehouses of modest size.

Tonne-km (tonne/km): this is the product of tonnes transported multiplied by kilometres travelled. It is, therefore, the sum of the kilometres effectively travelled by the tonnes transported over a given period of time. It is the commercial performance indicator for freight transport.

Combined transport: this is intermodal transport mainly carried out by rail, river or sea, when the initial and terminal journeys are by road. Combined transport uses specific carriages and coded lines for the sections by rail.

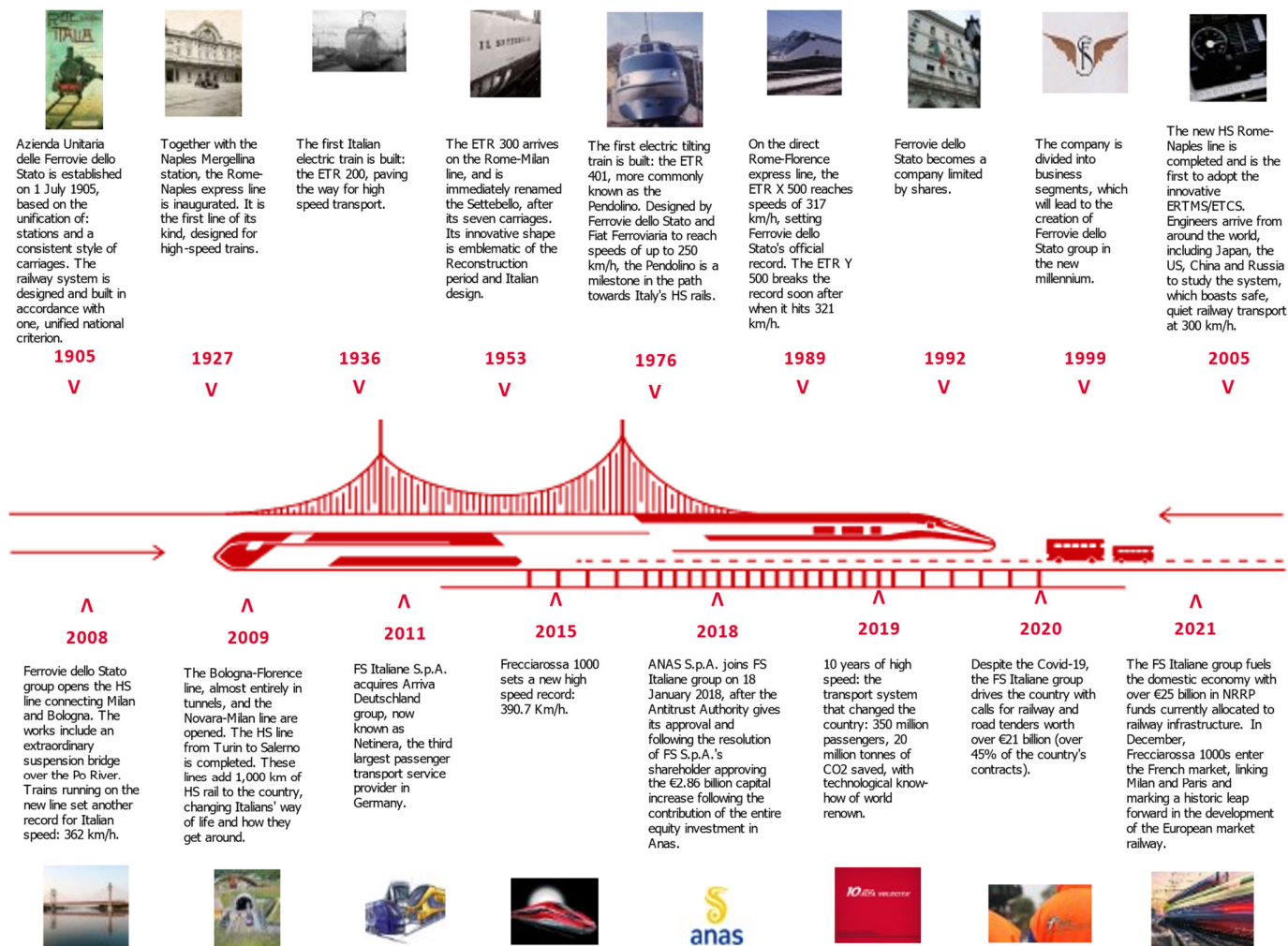
Intermodal transport: this is transport using two or more modes of transport (road, rail, sea or river) with the transfer of load units from one mode to another without breaking up the load, i.e., using a roadway vehicle or intermodal transport unit (containers, swap bodies and semitrailers).

LPT: local public transport.

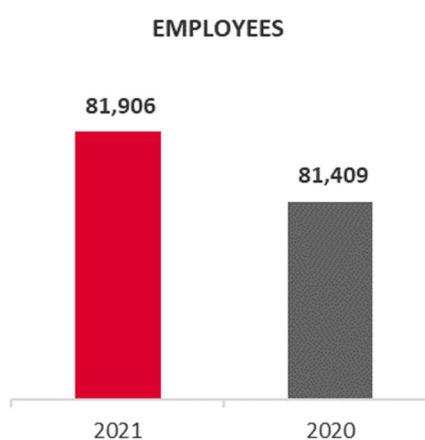
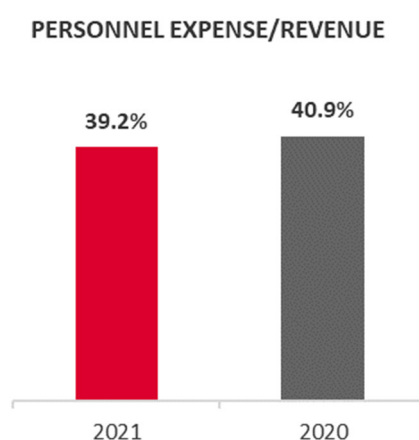
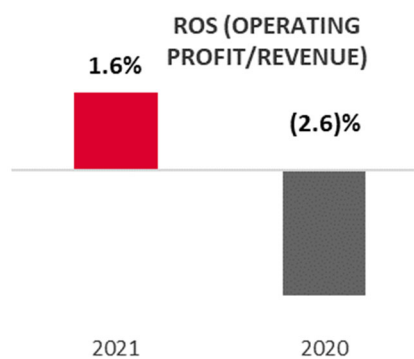
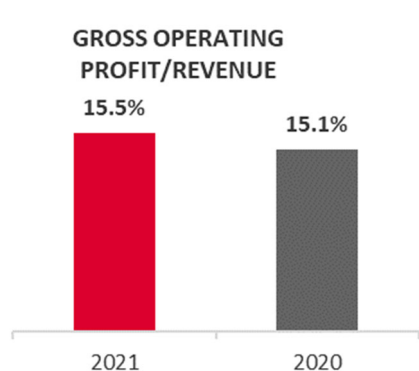
Train-km (tkm): this is the number of train events per kilometre travelled. It is, therefore, the sum of kilometres travelled by all trains over a given period of time. It is the performance indicator for the railway network operator's production.

Passenger-km (pkm): this is the number of passengers multiplied by kilometres travelled. It therefore reflects the sum of kilometres effectively travelled by all transport service passengers over a given period of time (pkm). It is the commercial performance indicator for passenger transport.

The future is founded on history



Group highlights



■ 2021 ■ 2020

millions of Euros

| Financial highlights | 2021 | 2020 | Change | % |
|----------------------------|-------------------|-------------------|---------------|----------|
| Revenue | 12,154 | 10,837 | 1,317 | 12.2 |
| Operating costs | (10,266) | (9,204) | (1,062) | (11.5) |
| Gross operating profit | 1,888 | 1,633 | 255 | 15.6 |
| Operating profit (loss) | 193 | (278) | 471 | 169.4 |
| Profit (loss) for the year | 193 | (562) | 755 | 134.4 |
| | 31.12.2021 | 31.12.2020 | Change | % |
| Net invested capital (NIC) | 50,437 | 50,316 | 121 | 0.2 |
| Equity (E) | 41,550 | 41,423 | 127 | 0.3 |
| Net financial debt (NFD) | 8,887 | 8,893 | (6) | (0.1) |
| NFD/E | 0.21 | 0.21 | | |
| Investments of the year | 9,976 | 6,693 | 3,283 | 49.1 |
| Total cash flows | 850 | (276) | 1,126 | >200% |



DIRECTORS' REPORT

Directors' report and Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016

Directors' report - FS Italiane group

The directors' report of the Ferrovie dello Stato Italiane group (the "FS Italiane group") complies with the provisions of article 2428 of the Italian Civil Code, supplemented with specifically applicable legislation, where required. As further detailed in the following, this report also complies with the provisions of Legislative decree no. 254 of 30 December 2016 applicable to non-financial information and includes the information required by such decree. The directors' report also includes the information required by Regulation (EU) 852/2020 pursuant to which the entities that fall within the scope of application of Directive 2014/95/EU must report consolidated revenue, costs and investments that are eligible according to the criteria defined by the same regulation and the related delegated acts (reference should be made to the paragraph "Group activities and the European taxonomy").

Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information

The FS Italiane group must comply with Legislative decree no. 254 (the "Decree"), which implemented Directive 2014/95/EU, amending Directive 2013/34/EU with respect to the disclosure of non-financial information by certain large companies and groups.

In compliance with the provisions of the Decree, as in the previous years, the group has included the consolidated non-financial statement ("NFS") in the directors' report, also considering that the information contained therein is pre-financial.

In accordance with the group's longstanding methodological choices in relation to the reporting of non-financial information, the NFS has been prepared in compliance with the "GRI Sustainability Reporting Standards" issued by the Global Reporting Initiative (GRI) in 2016 and subsequently updated (the "Standards"), using the core reporting option. The group has always applied these Standards in the preparation of the Sustainability Report and they are also applied by the majority of large Italian and international groups to report their non-financial information. Moreover, they are the standards that the directors have deemed most appropriate to report information on the group in accordance with Legislative decree no. 254 of 2016. The Sustainability Report explores additional topics with qualitative and quantitative information in addition to that provided in the NFS. The purpose of these two documents is to meet the informational needs of the group's stakeholders - covering all varieties of information and to the different degrees of depth required - fully and in a timely manner.

In 2021, the information has been supplemented with the disclosures required by Regulation (EU) 852/2020 using the criteria established in the related delegated acts.

To ensure comparability, quantitative information relates (where available) to the 2019-2021 three-year period. Any differences in the reporting methodology with respect to the previous NFS are due to the fine-tuning of the reporting methods and are specifically indicated.

Based on the criteria of materiality (actual or potential impacts with reference to material topics⁶ and the nature of the companies' business) and control (direct/indirect), the following topic-specific boundary was identified. Reference should be made to the "GRI Content Index", which constitutes an integral part of the NFS and is attached hereto.

⁶ The topics covered by Legislative decree no. 254/2016 or shown to be material based on the materiality analysis (as per the GRI standards).

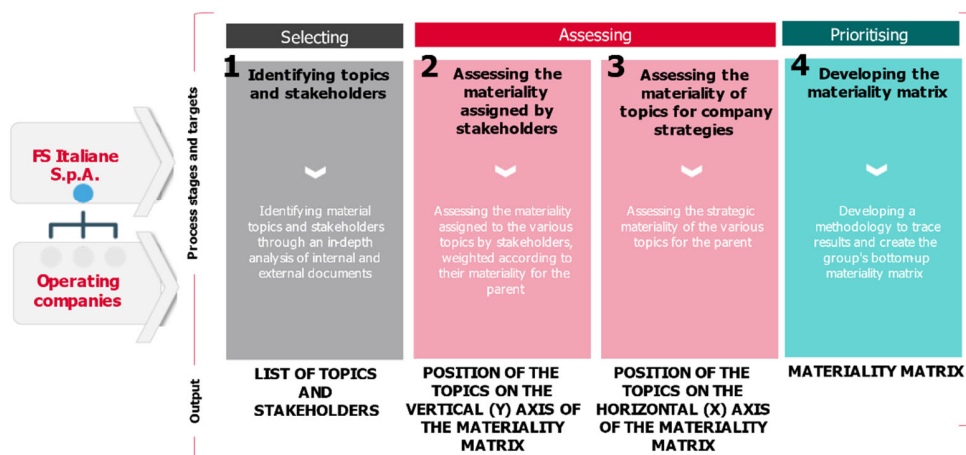
The relevant information was selected considering the various aspects of the Decree, the group’s operations and the consequent impacts. In addition, the group considered the results of the materiality analysis and the “Guidelines on non-financial reporting” of July 2017 and the “Guidelines on non-financial reporting: supplement on reporting climate-related information” of June 2019, published by the European Commission, as well as the Regulation implementing Legislative decree no. 254/2016, issued by Consob (the Italian commission for listed companies and the stock exchange) on 18 January 2018.

Each year, the group updates the analysis to identify environmental, social, governance and economic topics that are material (the “materiality analysis”) for all of the group’s significant internal and external stakeholders in order to recognise long-term value creation challenges and opportunities.

Material topics are those that affect the group’s financial performance and have an actual and/or potential impact on people, the environment and governance, a starting point for reporting sustainability and strategic planning.

The 2021 analysis began by revising the 2020 materiality matrix, taking into consideration the group’s strategic goals and external trends in order to pre-empt emerging topics that will need to be handled in order to remain competitive. The analysis was built using information gathered by listening to the group’s main internal and external stakeholders, also via the Datamaran platform which studies the main laws and directives in all of the countries where FS Italiane S.p.A. operates and compares the group’s financial statements with those published by European and global peers and comparable entities.

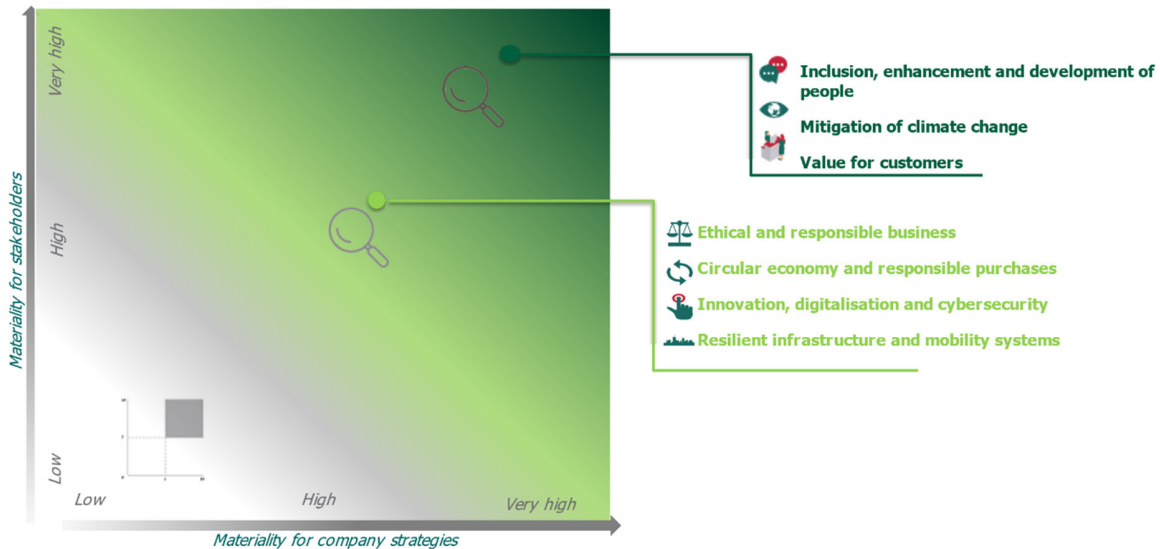
The materiality matrix was updated using a bottom-up approach (and therefore starting with an analysis of the information gathered by subsidiaries⁷) in the following steps:



The methodology used to group the data gathered by the companies considered: the company’s materiality and size, the number of external stakeholders involved and the organisational weight of consulted management.

The materiality matrix set out below shows the top right section of the overall matrix depicting the perceived materiality for stakeholders (vertical axis) compared with the materiality for the group (horizontal axis), considering the impacts incurred and generated externally across all of society.

⁷ Trenitalia S.p.A., RFI S.p.A., Anas S.p.A., Polo Mercitalia, Busitalia Sita Nord S.p.A., Sistemi Urbani S.r.l., Italferr S.p.A., Ferrovie del Sud Est e Servizi Automobilistici S.r.l., Ferservizi S.p.A. and FS S.p.A. contributed to the materiality matrix.



While the topic “People’s safety: values, technology and culture” is a priority for all the companies that have contributed to the matrix, it has been removed from the aggregate map because, as the CEO of FS Italiane has reiterated, “we have not set and we must not set any limits on maintenance and safety”. Consequently, this topic has not been mapped in the materiality matrix, as it covers a cross-section of areas and is an absolute top priority for management above all else.

MATERIAL TOPICS FOR THE FS ITALIANE GROUP

INCLUSION, ENHANCEMENT AND DEVELOPMENT OF PEOPLE



Spread and foster a culture of inclusion, non-discrimination and respect, promoting diversity (age, gender, skills and experience, religion, political views, ethnicity, nationality, sexual orientation, physical ability, geographical origin, etc.) and equal opportunities in the workplace where everyone can feel at ease and are motivated to build positive relationships. Undertake to enhance workers’ professional skills and experience and advance their professional development and career, via merit-based policies and transparent and fair processes that allow all employees reach their full potential; foster the well-being of employees and their life/work balance through welfare policies, modern and flexible work tools and models and responsible management of organisational changes.

MITIGATION OF CLIMATE CHANGE



Tackle the challenge of mitigating climate change, committing, in line with European and Italian targets, to reducing energy consumption and greenhouse gas emissions (CO2, ozone, natural gas, etc.) also by implementing energy efficient technologies (e.g., smart grid, cogeneration, LED lighting, etc.) and promoting renewable sources (e.g., alternative fuels, biofuels, “green” hydrogen energy, hybrid engines, solar power, wind power, etc.).

MATERIAL TOPICS FOR THE FS ITALIANE GROUP

VALUE FOR CUSTOMERS



Customer proximity, earn their trust, understand their current and future needs and offer multi-modal passenger and freight transport services, of ever increasing quality; promote collective and shared means of transport; improve integration between all public and soft mobility systems (e.g., trains, urban and suburban transport and bicycles), to meet the challenges and opportunities of the market, and guarantee accessibility so that everyone can fully use the services offered, by providing unobstructed paths and assistance services for people with disabilities and reduced mobility (e.g., Sale Blu, tactile walkways, visual and sound alerts, etc.)

ETHICAL AND RESPONSIBLE BUSINESS



Adopt the highest ethical standards, in line with the company vision and values; base business practice on the fundamental principles of transparency and loyalty; foster a culture of compliance and lawfulness; recognise the importance of environmental, social and governance issues and include them in company strategies, also by promoting financial tools that support sustainable development and a low-carbon future.

CIRCULAR ECONOMY AND RESPONSIBLE PURCHASES



Implement circular business models, from the purchasing stage - by integrating criteria that prioritise environmental and social issues into purchase procedures (goods, services and contracts) and into supplier selection and vetting processes (e.g., ISO 14001, EMAS environmental management systems, etc.) - to the stage of efficiently and exhaustively using materials such to prevent, reuse and recycle waste from group operations.

INNOVATION, DIGITALISATION AND CYBERSECURITY



Promote innovation, intercepting ideas, solutions, tools and technological skills within and outside the group that advance social and economic change and progress to offer more evolved services and infrastructure; make the most of digitalisation to make processes, operations and services more efficient in order to save time, money and energy. Ensure reliable infrastructure and services, creating and maintaining an environment where the integrity and privacy of the data and information of the group and all its stakeholders are protected against potential cyberattacks.

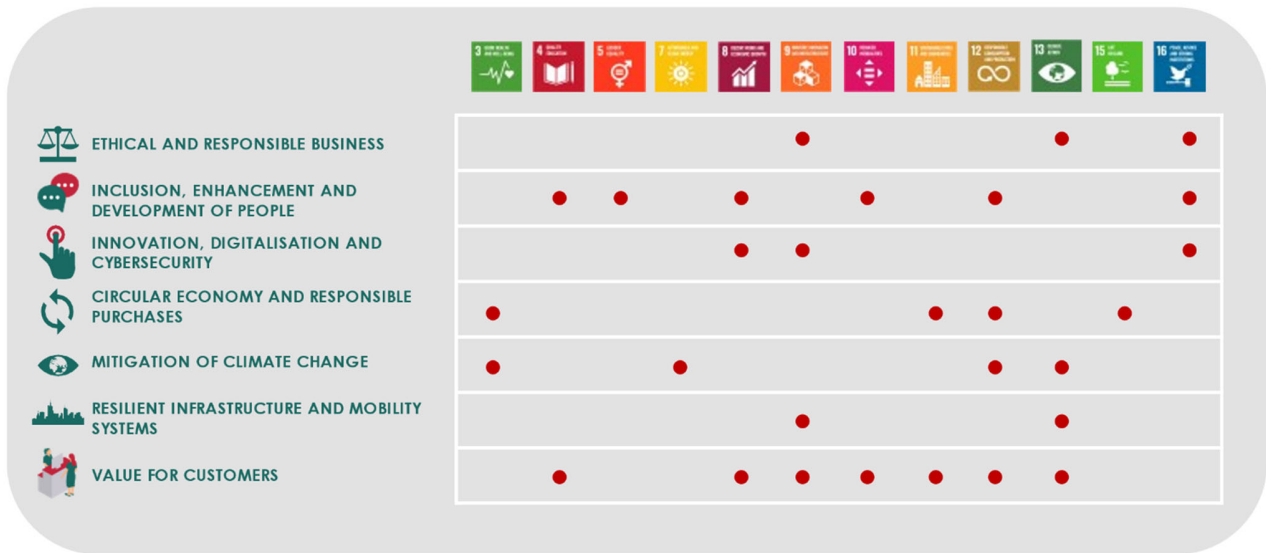
RESILIENT INFRASTRUCTURE AND MOBILITY SYSTEMS



Reinforce the ability of infrastructure, railways and roads, along with current and future mobility systems, to withstand and adapt to the growing effects of climate change and the fragility of the land (e.g., hydro-geological events, earthquakes, floods, etc.), also using a risk-based prevention and protection system.


The FS Italiane group's material topics, based on the materiality analysis performed as described earlier, were associated with the SDGs (Sustainable Development Goals) of the UN Agenda 2030, highlighting the group's contribution to their achievement with its operations⁸:

⁸Furthermore, in its daily operations, the group also contributes to the achievement of other SDGs not associated with material topics.



For the reasons stated earlier, with respect to the materiality of the topic “People’s safety: values, technology and culture”, every group company works to promote occupational health and safety by preventing accidents and injuries for its people and guaranteeing the highest standards of travel safety for its customers through maintenance, protection in the station and on board trains and safe operating conditions, helping to achieve the following SDGs:

The management approaches to these topics⁹ are reported in this report, in accordance with the Decree and the Standards.

To make the information included in the NFS more clearly understandable, a table bridging the information required by the Decree and applicable to the group and the sections of this report is given below. Moreover, for ease of reading, the chapters or sections that include the information of the NFS are marked with a specific symbol ().

⁹Where the group has not yet adopted policies related to the aspects referred to in Legislative decree no. 254/2016, because it does not yet deem them necessary, the group reserves the right to adopt them in the medium to long-term. In this regard, in this report, the term policy refers to formalised and approved documentation, whereas the terms practices or procedures are used for those that have not yet been formalised.

Bridging table pursuant to Legislative decree no. 254/2016

| Aspects covered by the Legislative decree | Material topic | Annual report | |
|--|--|--|--|
| | | Reference | GRI - CORE Code |
| Article 3.1.a Business model and governance | | Chairwoman's letter Business model Report on corporate governance and the ownership structure The group's economic and financial performance – Directly generated economic value and distributed economic value Commitment to sustainable development: Approach, commitment and practices | 102-1 – 102-7 102-11 102-13 102-14 102-16 102-18 102-22 102-24 201-1 |
| Article 3.1.b Practices | | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information Commitment to sustainable development: - Approach, commitment and practices - Environmental sustainability - The travel experience - Sustainable supply chain - Human capital - Commitment to the community Consolidation scope and the group's equity investments Annex: GRI content index | 102-9 102-10 102-12 103-1 103-2 103-3 102-40 – 102-44 102-45 – 102-56 |
| Article 3.1.c Risk management model | Ethical and responsible business | Report on corporate governance and the ownership structure – The internal control and risk management system Risk factors | |
| Article 3.2.a/c Energy and water resources | Mitigation of climate change; Environmental protection; Circular economy and responsible purchases; Resilient infrastructure and mobility systems | Environmental sustainability | 103-2 103-3 302-1 303-1 303-2 303-3 |
| Article 3.2.b/c Greenhouse gas emissions | Mitigation of climate change; Resilient infrastructure and mobility systems | Environmental sustainability | 103-2 103-3 305-1 305-2 |
| Article 3.2.d/c Personnel management | Inclusion, enhancement and development of people | Commitment to sustainable development - Human capital Report on corporate governance and the ownership structure Annex: GRI content index | 102-8 103-2 103-3 401-1 403-1 – 403-7 403-9 404-1 405-1 406-1 |
| Article 3.2.e Human rights | Ethical and responsible business | Report on corporate governance and the ownership structure Risk factors Annex: GRI content index | 103-2 103-3 411-1 412-3 |

| Aspects covered by the Legislative decree | Material topic | Annual report | |
|--|--|---|--|
| | | Reference | GRI - CORE Code |
| Article 3.2.f Transparency and the fight against corruption | Ethical and responsible business | Report on corporate governance and the ownership structure Context and focus on FS Italiane group - Transport Authority ("ART") regulations Risk factors | 103-2 103-3 205-2 415-1 419-1 |
| Article 3.1.c Supply chain | Circular economy and responsible purchases | Commitment to sustainable development - Sustainable supply chain Annex: GRI content index | 103-2 103-3 204-1 308-1 407-1 408-1 409-1 414-1 |
| Article 3.2.d/c Community | | Commitment to sustainable development - Commitment to the community | 103-2 103-3 413-1 413-2 |
| Article 3.3 Methodology and principles | | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information | 102-46 102-47 102-48 102-49 102-54 102-56 |
| Article 10.1.a Diversity policies | Inclusion, enhancement and development of people | Report on corporate governance and the ownership structure - Commitment to sustainable development - Human capital | 103-2 103-3 405-1 |

The table bridging the topics identified during the materiality analysis but not explicitly covered by the Decree is set out below. These topics are, however, consistent with the GRI "Core" approach.

| Other material topics | Annual report | GRI - CORE |
|--|--|--|
| | Reference | Code |
| Value for customers | Commitment to sustainable development - The travel experience | 103-2 103-3 |
| People's safety: values, technology and culture | Travel safety | 103-2 103-3 416-1 |
| Circular economy and responsible purchases; Environmental protection | Commitment to sustainable development - Environmental sustainability | 103-2 103-3 301-1 303-4 304.1 306-1 306-2 306.3 306-4 306-5 |
| Ethical and responsible business | Scenario and Focus on the FS Italiane group - Transport Authority ("ART") regulations, Other information | 206-1 |
| Innovation, digitalisation and cybersecurity | Research, development and innovation | |
| Resilient infrastructure and mobility systems | Risk factors | |

In accordance with the "Core" option provided for under the Standards, the GRI Content index is attached hereto as an integral part of this report. The references in the above table are to paragraphs of this report, as shown in the above bridging table.

Furthermore, in addition to that reported in the bridging tables with the disclosures required by Legislative decree no. 254, the paragraph "Group activities and the European taxonomy" of this report includes the information required by Regulation (EU) 852/2020.

Pursuant to article 5 of the Consob regulation adopted with Resolution no. 20267/2018, the FS Italiane group has engaged its independent auditors, KPMG S.p.A., responsible for performing the statutory audit, to perform a limited assurance engagement on its NFS. The report issued by KPMG S.p.A. is attached to this document.



Business model

The aim of the FS Italiane group's business model is to enhance its various forms of capital (financial, physical, human and interpersonal, intellectual and organisational, natural), organising activities and processes to create value for all stakeholders in the medium and long-term.

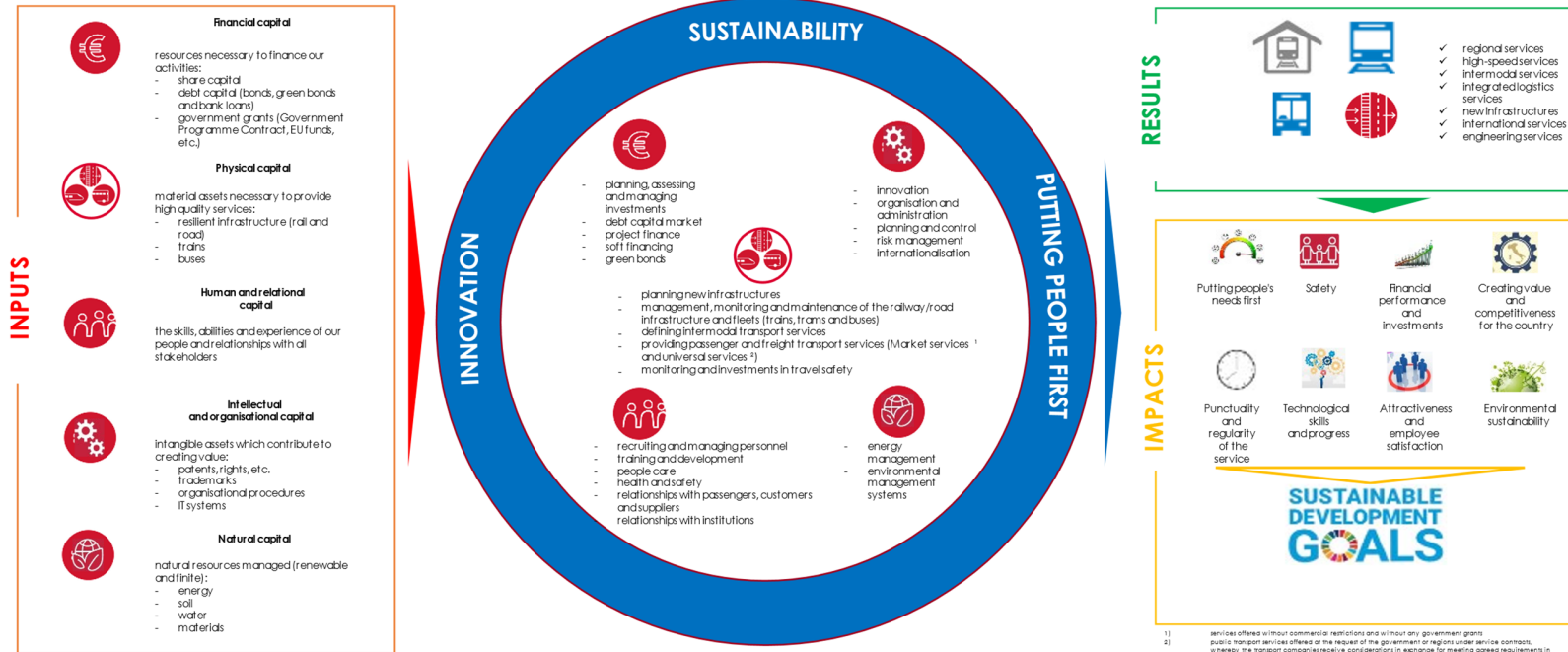
Like in other public utilities sectors, the group's activities are subject to specific regulation by independent national and international authorities, in order to safeguard the correct operation of the market and customer rights.

BUSINESS MODEL

Our vision

Become a vehicle for building a system of resilient infrastructure, sustainable mobility and integrated logistics

HOW WE OPERATE



¹⁾ services offered without commercial restrictions and without any government grants
²⁾ public transport services offered at the request of the government or regions under service contracts, whereby the transport companies receive considerations in exchange for meeting agreed requirements in terms of the frequency of service, fares, service levels and stops

Report on corporate governance and the ownership structure

Introduction

This section of the directors' report provides a description of the key corporate governance policies defined by the parent, Ferrovie dello Stato Italiane S.p.A. ("FS Italiane S.p.A.") and applied in the Ferrovie dello Stato Italiane group. Furthermore, this section meets the specific disclosure requirements of article 123-bis of Legislative decree no. 58/1998 - Consolidated Law on Finance (Report on corporate governance and the ownership structure) with respect to the information required by paragraph 2.b. In addition, this section includes the information "regarding the adoption of the criteria and methods for the appointment of members of the board of directors and the remuneration policies for senior managers of companies directly or indirectly controlled by the Ministry of the Economy and Finance" as required by the Ministry of the Economy and Finance (Directive of 24 June 2013). Such requirement is addressed to issuers of financial instruments listed on regulated markets and is aimed at illustrating and justifying in the "Report on corporate governance and in the financial statements" the remuneration policies in place for directors with special powers, based on the recommendations of the Treasury Department¹⁰.

The group

The FS Italiane group's structure is based on a corporate process that began in 2000, leading to the current multi-company group with a parent, FS Italiane S.p.A., whose business purpose - as lastly amended with resolution of the shareholder's meeting of 5 June 2019 - is to:

- a) construct and manage infrastructure networks for domestic and international rail, road and motorway transport;
- b) carry out all domestic and international passenger and freight transport activities, even by air, including the promotion, implementation and management of initiatives and services in the transport sector;
- c) directly or indirectly carry out any other activity that is instrumental, complementary or connected to the above, expressly including customer services and activities aimed at enhancing the value of its assets used in the performance of the activities indicated in letters a) and b).

As explicitly stated by the by-laws, business activities are mainly carried out through subsidiaries and associates. The by-laws also establish that specific subsidiaries are responsible for the transport and network operation businesses. Hence, the parent heads: (i) the operating companies responsible for managing and developing their respective businesses consistently with the strategic guidelines established by the parent; (ii) the highly specialised technical companies and/or service companies that provide services to the group entities - according to the principles of cost effectiveness, efficiency and quality - and, if applicable, to the market as well.

In this context, the parent FS Italiane S.p.A., which is wholly owned by the state through the Ministry of the Economy and Finance (the "MEF"), which exercises its ownership powers jointly with the Ministry of Infrastructure and Sustainable Mobility (the "MIMS"), mainly handles the strictly corporate activities that are typical of a holding company (i.e., investment management, shareholding control, etc.), while its investees retain their independent legal responsibilities.

To guide the group, the parent company carries out these corporate activities for its subsidiaries operating in Italy and abroad, in order to generate value for stakeholders and pursue environmentally, socially and economically sustainable

¹⁰ FS Italiane S.p.A. has issued bonds listed on regulated markets in the EU, with Italy as the originating member state. Consequently, it is considered a public interest entity under article 16 of Legislative decree no. 39/2010 and is subject to the regulatory obligations in place in Italy and the country where the bonds are placed. However, FS Italiane S.p.A. has not issued shares traded on regulated markets or multi-lateral trading systems. Accordingly, it exercises its right under article 123-bis.5 to not publish the information required by points 1 and 2 of said article, except for that required by letter b of point 2, i.e., information on the main characteristics of its risk management system and internal controls over financial reporting.

development based on the values of lawfulness, ethics, integrity and transparency. In this role and according to the applicable legislation, it:

- a) defines the group's corporate governance system and organisational model in line with the group's defined strategic goals;
- b) examines and checks the consistency of the subsidiaries' strategic business plans with the group's strategic plan, periodically monitoring its implementation;
- c) monitors the general performance of operations of the group and/or subsidiaries based on performance indicators, comparing actual results with forecast results.

The corporate governance structure of FS Italiane S.p.A. and its main subsidiaries is based on the traditional system. Hence, the Shareholders' Meeting appoints a Board of Directors (responsible for management and currently comprised of seven directors) and a Board of Statutory Auditors (responsible for controls and currently comprised of three standing statutory auditors and two alternate statutory auditors). The Shareholders also appoint the independent auditors (currently KPMG S.p.A.), responsible for performing the statutory audit. Pursuant to article 12 of Law no. 259/1958, the Court of Auditors' Magistrate appointed to oversee FS Italiane S.p.A.'s financial management attends the meetings of the Board of Directors and the Board of Statutory Auditors, integrating the corporate governance system.

According to the by-laws, the Board of Directors: (i) appoints the CEO; (ii) can delegate powers to the Chairperson, based on the Shareholders' resolutions and according to law provisions; (iii) can establish committees responsible for consultation and proposals; (iv) appoints the Manager in Charge of the Company's accounting documents preparation as per article 154-bis of the Consolidated Law on Finance.

At 31 December 2021, FS Italiane S.p.A.'s share capital amounted to €39,204,173,802.00 and was fully paid up.

FS Italiane S.p.A.'s corporate governance structure at the reporting date is illustrated below.

The governance of the parent and the group in 2021, described earlier and further on in this report, underwent a substantial review and update during the preparation of the group's 2031 business plan. In 2022, this review and update will lead to formal meetings to redefine the by-laws with the consequent Shareholders' resolutions, rewriting the rules that the parent and its subsidiaries will use to drive and manage their businesses within a structure in which the group operates mainly through four business areas devoted to infrastructure management, passengers transport, logistics and real estate assets.

SHAREHOLDER'S MEETING

BOARD OF STATUTORY AUDITORS



BOARD OF DIRECTORS ⁽ⁱ⁾



INDEPENDENT AUDITORS

KPMG S.p.A.

Supervisory Body

Rocco Blaiotta
Chairman

Maurizio Bortolotto
Umberto La Commara

COURT OF AUDITORS' MAGISTRATE APPOINTED TO AUDIT FINANCIAL OPERATIONS

Giovanni Coppola

Roberto D'Alessandro ⁽ⁱⁱⁱⁱ⁾
Delegate

GOVERNANCE, APPOINTMENT AND REMUNERATION COMMITTEE ^(iv)

Stefano Cuzzilla
Chairman

Pietro Bracco
Alessandra Bucci

REPORTING DIRECTLY TO THE CEO

Carlo Palasciano

Villamagna
Chief Group Transformation Officer
(VIII)

Franco Fiumara

Chief Security & Risk Officer (IX)

Massimo Bruno

Chief Corporate Affairs Officer (X)

Guglielmo Bove

Chief Legal Officer (XI)

Fabrizio Favara

Chief Strategy Officer (XI)

Roberto Mannozi

Chief Administration Planning &
Control Officer (XI)

Carlo Palasciano

Villamagna
Chief International Officer (XI)

Stefano Pierini

Chief Finance & Investor Relations
Officer (XI)

Luca Torchia

Chief Communication Officer (XI)

Roberto Tundo

Chief Technology, Innovation &
Digital Officer (XI)

CONTROL, RISK AND SUSTAINABILITY COMMITTEE ^(v)

Pietro Bracco
Chairman

Riccardo Barbieri Hermitte
Stefano Cuzzilla

CHIEF AUDIT OFFICER ^(vi)

Sergio Romiti

MANAGER IN CHARGE OF THE COMPANY'S ACCOUNTING DOCUMENTS PREPARATION ^(vii)

Roberto Mannozi

- ^(I) In 2021, during the Shareholders' Meeting on 26 May 2021, the 2020 Annual Report was approved and the term of office expired for the Board of Directors appointed by the Shareholder on 30 July 2018 for the 2018-2020 three-year period, consisting of: Gianluigi Vittorio Castelli (chairman), Gianfranco Battisti (appointed as CEO and general manager respectively on 31 July 2018 and 2 August 2018), Andrea Mentasti, Francesca Moraci, Flavio Nogara, Cristina Pronello and Vanda Ternau. The Shareholder then appointed, with the resolution of 26 May 2021, the Board of Directors for the 2021-2023 three-year period, consisting of: Nicoletta Giadrossi (Chairwoman), Luigi Ferraris (recommended for the position of CEO), Pietro Bracco, Stefano Cuzzilla, Alessandra Bucci and Riccardo Barbieri Hermitte. Then, to complete the Board of Directors - since the number of members was determined to be seven - Paola Gina Maria Schwizer, as resolved during the meeting on 6 August 2021.
- ^(II) As from 13 January 2022, the Secretary of the Board of Directors is Guglielmo Bove, Chief Legal Officer.
- ^(III) During the hearing of 3 November 2020, the Court of Auditors delegated the duties of the Magistrate in charge of overseeing the company's financial management to the director Roberto d'Alessandro with effect from 1 January 2021.
- ^(IV) The Remuneration and Appointments Committee, consisting of Francesca Moraci (Chairwoman), Flavio Nogara and Vanda Ternau, all non-executive and independent directors, was terminated on 26 May 2021. With the resolution of 16 June 2021, the Governance, Appointments and Remuneration Committee was established with the following members: Stefano Cuzzilla as Chairman (non-executive and independent), Pietro Bracco (non-executive and independent); Alessandra Bucci (non-executive).
- ^(V) The Audit, Risk Control and Corporate Governance Committee, consisting of Vanda Ternau (Chairwoman), Flavio Nogara and Cristina Pronello, all non-executive and independent directors, was terminated on 26 May 2021. With the resolution of 16 June 2021, the Control, Risks and Sustainability Committee was established with the following members: Pietro Bracco as Chairman (non-executive and independent), Riccardo Barbieri Hermitte and Stefano Cuzzilla (non-executive and independent).
- ^(VI) With Organisational Measure no. 146/P of 5 August 2021, the previous Central Audit Department changed its name in Audit Department. Sergio Romiti was named head of the department as Chief Audit Officer.
- ^(VII) During the Board meeting on 16 June 2021, the Board of Directors of FS Italiane confirmed the appointment of Roberto Mannozi as Manager in Charge of the Company's accounting documents preparation for FS Italiane. He will remain in office until the approval of the 2023 Financial Statements.
- ^(VIII) With Organisational Measure no. 137/AD of 21 June 2021, the Chief Transformation Office was set up as a macro structure reporting directly to the CEO. Carlo Palasciano Villamagna was named Head of this office. With Organisational Measure no. 147/AD of 8 October 2021, the office's name was changed to Group Transformation, and Carlo Palasciano Villamagna remained its Head as Chief Group Transformation Officer ad interim.
- ^(IX) With Organisational Measure no. 143/AD of 28 July 2021, the Security & Risk macro structure was set up, reporting directly to the CEO. Franco Fiumara was named Head of the structure as Chief Security & Risk Officer.
- ^(X) With Organisational Measure no. 144/AD of 1 August 2021, the Corporate Affairs macro structure was established, reporting directly to the CEO. Massimo Bruno was named head of the structure as Chief Corporate Affairs Officer. Central Human Resources and Organisation, which changed its name in People & Organisation, and Central Institutional and Regulatory Affairs, which changed its name in Institutional & Regulatory Affairs, now report directly to the Chief Corporate Affairs Officer.
- ^(XI) Organisational Measure no. 147/AD of 8 October 2021 defined the new organisational structure directly under the CEO of FS Italiane. Consequently, the following macro structures now report directly to the CEO: Legal Affairs, headed by Guglielmo Bove as Chief Legal Officer; Strategy, Sustainability & Assets Management, headed by Fabrizio Favara as Chief Strategy Officer; Administration, Planning & Control, headed by Roberto Mannozi as Chief Administration, Planning & Control Officer; International, headed by Carlo Palasciano Villamagna as Chief International Officer; Finance & Investor Relations, headed by Stefano Pierini as Chief Finance & Investor Relations Officer; Communication, headed by Luca Torchia as Chief Communication Officer; and Technology, Innovation & Digital, headed by Roberto Tundo as Chief Technology, Innovation & Digital Officer.

The Shareholders' Meeting

FS Italiane S.p.A.'s Shareholders' Meeting is attended by the sole shareholder, the MEF. In 2021, it met twice for ordinary meetings and no extraordinary meetings were held.

FS Italiane S.p.A.'s Board of Directors

Composition and appointment

Pursuant to article 10 by the by-laws, the Board of Directors (the "BoD") is made up of three to nine members appointed by the Shareholders. In order to accept directorship, candidates must meet the requirements of the applicable legislation, the by-laws and the MEF's directives. The regulation of the Board of Directors (as per the paragraph "*Roles and duties*") requires that the BoD verifies compliance with these requirements after appointment and subsequently once a year. To this purpose, the Directors (i) issue a statement certifying that they meet the requirements when they accept the candidature and the office, (ii) renew such statement each year and (iii) immediately notify the BoD of any changes that occur.

The BoD is also required to assess, with the support of the competent Committee, whether the Directors also meet the independent requirement after they have been appointed, and subsequently each year, based on the Directors' specific statements to this effect. The independent requirement - as defined by the Corporate Governance Code for Listed Companies approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A - is applicable to FS Italiane solely for the composition of the board committees.

The by-laws establish that directors assigned, on an ongoing basis, the BoD's operating duties, pursuant to article 2381.2 of the Italian Civil Code may not serve as directors on the Boards of more than two other companies limited by shares (not considering their offices held in subsidiaries or associates); whereas Directors who have not been assigned such operating duties can serve as Directors on the Boards of not more than five other companies limited by shares.

The by-laws also clarify that the composition of the Board of Directors must be such that it ensures a balanced proportion of men and women, according to the applicable regulations and the terms provided for thereby.

The term of office of the Board of Directors appointed for the 2018-2020 three-year period expired in 2021 and the new Board of Directors was therefore appointed for the 2021-2023 three-year period by resolution of the Shareholder on 26 May 2021.

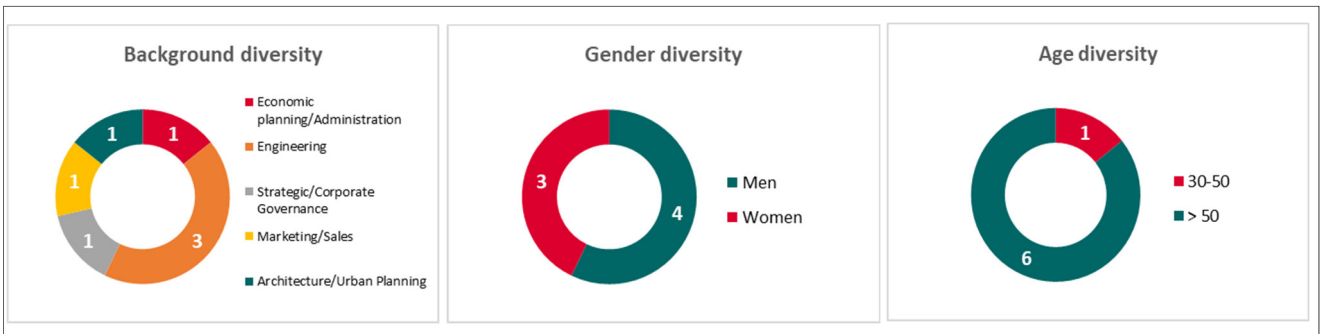
During the same Shareholders' Meeting, the 2020 Annual Report was approved and therefore the term of office expired for the Board of Directors appointed by the Shareholders on 30 July 2018, consisting of: Gianluigi Vittorio Castelli (Chairman), Gianfranco Battisti (appointed as CEO and general manager respectively on 31 July 2018 and 2 August 2018), Andrea Mentasti, Francesca Moraci, Flavio Nogara, Cristina Pronello and Vanda Ternau.

Therefore, the same Shareholders' Meeting of 26 May 2021 resolved on the appointment of the new Board of Directors for the 2021-2023 three-year period (until the Shareholders' Meeting to be called to approve the 2023 Financial Statements), consisting of Nicoletta Giadrossi (Chairwoman), Luigi Ferraris (recommended for the position of CEO), Pietro Bracco, Stefano Cuzzilla, Alessandra Bucci and Riccardo Barbieri Hermitte. Barbieri Hermitte. Then, to complete the Board of Directors - since the number of members was determined to be seven - Paola Gina Maria Schwizer was appointed, as resolved during the meeting on 6 August 2021.

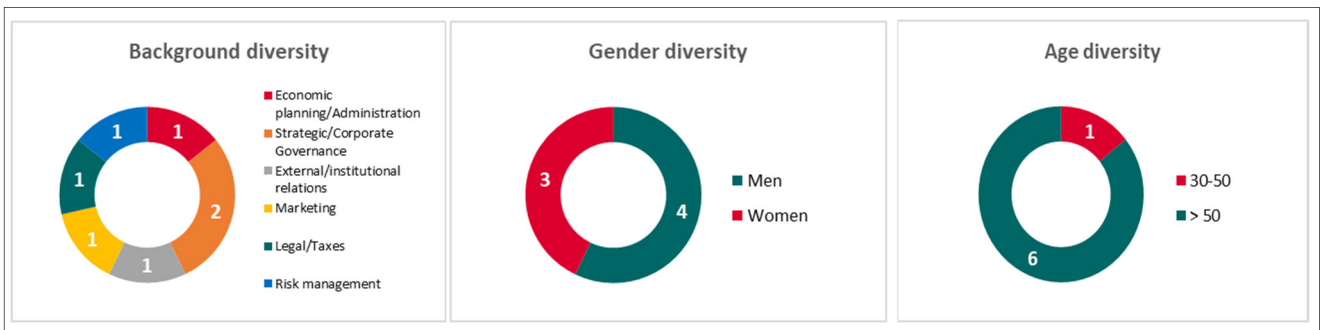
During the Board meeting on 3 June 2021, the Board of Directors appointed Luigi Ferraris as CEO and, during the same meeting, assigned Nicoletta Giadrossi, as Chairwoman of the BoD, the specific duties described in the paragraph below.

The diversity of Board members in the year, in compliance with article 10 of Legislative decree no. 254/2016 is illustrated below.

BoD in office until 26 May 2021



BoD in office since 26 May 2021



With respect to the independence requirement:

- five members of the BoD in office until 26 May 2021 are independent according to the assessments of the same BoD during the meeting held on 31 March 2021;
- four members of the BoD appointed on 26 May 2021 and in office for the 2021-2023 three-year period are independent according to the assessments of the same BoD during the meeting held on 30 March 2022.

Duties and roles

FS Italiane S.p.A.’s management body operates in the form of the Board of Directors.

The BoD is responsible for managing the company and carrying out all operations necessary to achieve the business object. According to the by-laws, the FS Italiane S.p.A.’s BoD also resolves on certain matters otherwise reserved to the extraordinary shareholder’s meeting (such as mergers and partial demergers of companies that are at least 90% owned from/to FS Italiane S.p.A., establishing and closing branches, updating the by-laws to regulatory provisions). However, the shareholder retains the right to resolve on such matters. Finally, in accordance with article 2410 of the Italian Civil Code, FS Italiane S.p.A.’s BoD also approves bond issues.

Pursuant to the by-laws, the BoD delegates its duties, to the extent permitted by article 2381 of the Italian Civil Code, to one of its members (the CEO). Following the Shareholders’ resolution, the BoD can delegate operating duties to the Chairperson on the aspects that may be delegated pursuant to the law, indicated by the shareholders, and determine their actual content.

The BoD of FS Italiane S.p.A. (appointed for the 2021-2023 three-year period), with the resolution passed on 3 June 2021, confirmed the governance structure that the company had adopted in previous terms of office, and therefore specifically

indicated the matters and powers exclusively reserved to the BoD and the special duties to be assigned to the Chairperson (as authorised by the shareholders), so that the CEO is given all the remaining powers of administration. This is substantially in line with the previous structures (with the exception of several updates based on the experience gained by the company offices over time).

In particular, in addition to the matters that cannot be delegated under law, the BoD retained exclusive responsibility for economic and strategic decisions such as defining - upon the CEO's proposal - the company's and the group's strategic guidelines; approving the company's and the group's annual and long-term business plans and the company's and the group's budget, which the CEO prepares; resolutions concerning financial transactions for amounts above a certain limit; resolutions, upon the CEO's proposal, on the purchase/sale of companies and business leases, on the purchase/sale of equity investments above a certain percentage of ownership and non-recurring transactions involving the direct subsidiaries of FS Italiane S.p.A. that the same BoD has classified as "strategic companies"; deciding how to vote at the Shareholders' Meetings of the "strategic companies"; and appointing, upon the CEO's justified and documented proposal, the Boards of Directors and Boards of Statutory Auditors of the "strategic companies". For details on the reporting flows to the BoD, reference should be made to the paragraph "Meetings and functioning" further on.

The BoD has therefore entrusted the CEO with all powers to manage the company – which were compiled in a specific list for informational purposes only – except for those assigned to the Chairperson and those that the BoD exclusively retained (in addition to the powers that cannot be delegated by law); pursuant to article 12 of the by-laws, the CEO also ensures that the organisational and accounting system is consistent with the nature and size of the business and reports to the BoD and to the Board of Statutory Auditors at least once every three months on the general performance of operations and outlook and on the company's and its subsidiaries' most significant transactions in terms of size or characteristics.

During the aforesaid meeting of 3 June 2021, the BoD assigned the Chairwoman - with the Shareholders' prior authorisation of 26 May 2021 - specific duties regarding:

- a. representation in external and institutional relations in coordination with the CEO;
- b. the coordination of internal control activities, guaranteeing the liaison between the Internal Audit Department and the board of directors and - jointly with the competent committee - checking and monitoring (i) the procedures to ensure that related party transactions are transparent and substantially and formally proper and (ii) the safeguards for conflicts of interest.

The Chairperson and CEO have separate powers of representation of FS Italiane S.p.A. pursuant to article 13 of the by-laws.

Meetings and functioning

➤ *BoD Regulation*

During the meeting on 6 October 2021, the Board of Directors approved, with the prior approval of the Governance, Appointments and Remuneration Committee and considering the principles and recommendations of the Corporate Governance Code for Listed Companies, a regulation (the "Regulation") that, in line with the by-laws and supplementing them, establishes the operating rules for the Board of Directors and, in particular: (i) how meetings are called and minutes are taken; (ii) the procedures for the management of reporting to Directors; (iii) the Board's self-assessments; and (iv) protecting the confidentiality of information.

Specifically, the Chairperson calls the meetings of FS Italiane S.p.A.'s BoD and presides over them. The BoD meets at least once every two months and, in any case, whenever the Chairperson or CEO believes a meeting is necessary or whenever the majority of its members or the Board of Statutory Auditors present a justified written request.

The Board met 12 times in 2021, with each meeting lasting an average of three hours and 23 minutes and with all Directors present. In particular:

- the BoD in office until 26 May 2021 met four times, with each meeting lasting an average of five hours and two minutes;
- the BoD in office since 26 May 2021 met eight times, with each meeting lasting an average of one hour and 25 minutes.

➤ *Chairperson's role and information to directors*

Under the Regulation, the Chairperson, in the exercise of the duties assigned thereto by the law and the by-laws, promotes the best functioning of the BoD and the overall corporate governance system.

To this purpose, with the Secretary's assistance, the Chairperson organises and coordinates the BoD's meetings, ensuring that Board discussion is efficient and that the resolutions are the result of useful and adequate debate with the knowledgeable, well-reasoned contribution of all members. Specifically, with or without the assistance of the Secretary, the Chairperson:

- a) liaises between the CEO and non-executive Directors;
- b) defines, having discussed it with the CEO, the proposed calendar of BoD meetings;
- c) the calling of the BoD meetings, with a notice that contains, among other things, the list of matters to be addressed and how to participate (in person and/or via video/audio conference), which must be sent at least five days before the date scheduled for the meeting (or, in urgent cases, at least two days before) to each Director, standing Statutory Auditor and the Court of Auditors' Magistrate. The Chairperson may require the meeting to be held exclusively in person if necessary or opportune (including to ensure confidentiality);
- d) sees that the pre-meeting updates and additional information provided during the meetings enable the Directors to act in an informed manner;
- e) sees that the Board Committees' work is coordinated with that of the board of directors;
- f) in agreement with the CEO, ensures that company and group managers and other people or third-party advisers participate in BoD meetings to provide useful information or details on the items of the agenda;
- g) sees that all Directors and Statutory Auditors, during their term of office, may participate in initiatives to provide them with adequate knowledge of the sectors in which the company and group operate, business activities and changes therein, the principles of proper risk management and the applicable regulatory and legislative framework (i.e., board induction meetings);
- h) ensures the adequacy and transparency of the BoD's self-assessment ("Board review"), with the support of the Governance, Appointments and Remuneration Committee;
- i) sees that the resolutions of the Shareholder and the Board of Directors are executed.

Specifically, as regards the flows of information, through the Secretary, the Chairperson provides all Directors, standing Statutory Auditors and the Court of Auditors' Magistrate with the documentation considered to be reasonably necessary for adequate information on the items of the agenda. The documentation supporting the discussion of the items of the agenda is provided to the Directors, standing Statutory Auditors and the Court of Auditors' Magistrate sufficiently in advance of the date of the meeting, generally at least three days before (at least two days before if an urgent meeting is called). Where possible, the documentation is made available when the notice of call is sent.

The Directors, standing Statutory Auditors and the Court of Auditors' Magistrate receive information not only to discuss the matters for resolution by the BoD but they also receive periodic reporting on the following matters, among other things:

- i. the general performance of operations and outlook (information generally provided when the interim reports are examined);
- ii. the activities carried out by the CEO as delegated, the group's activities with the most significant impact on the Financial Statements, related party transactions and atypical or unusual transactions;
- iii. the implementation of the annual and long-term business plan;
- iv. prior information on transactions and decisions of strategic importance for the company and/or of significant value, as defined by the Board of Directors;
- v. the Chairperson's activities during the year in the performance of their duties;
- vi. any other activity, transaction or event that it is deemed necessary should be brought to the attention of the Directors and the Statutory Auditors.

The Secretary of the Board of Directors

The appointment of the Secretary of the Board of Directors is governed by the by-laws and the Regulation which also indicates the Secretary's requirements and duties.

Specifically, the Board of Directors resolves on the appointment and revocation of the secretary, upon the Chairperson's proposal. The term of office coincides with that of the Board of Directors that appointed the Secretary.

The Secretary must meet the requirements of professionalism, experience and independence.

The Secretary supports the Chairperson (to which the secretary reports) and provides, with unbiased judgement, assistance and advice to the Board on any relevant aspect for the proper functioning of the corporate governance system.

Committees

The following committees were established by resolution of the BoD:

- the Audit, Risk Control and Governance Committee and the Remuneration and Appointments Committee (established with the BoD resolution of 31 July 2018) in office until 26 May 2021, the date when the BoD appointed for the 2018-2020 three-year period reached the end of its term of office);
- the Control, Risks and Sustainability Committee and the Governance, Appointments and Remuneration Committee as from 16 June 2021 (established with the BoD resolution of 16 June 2021).

Specific regulations approved by the BoD when the committees were set up govern their composition, functioning and duties.

➤ Audit, Risk Control and Governance Committee (terminated on 26 May 2021)

As defined in the aforementioned BoD resolution of 31 July 2018, the members of this committee were: Vanda Ternau (Chairwoman), Flavio Nogara and Cristina Pronello. They were all non-executive and independent Directors. This committee was responsible for supporting, by presenting proposals and advising, the BoD's assessments and decisions concerning internal controls and the risk management system, the approval of periodic financial reports, assessments of the Board's size/composition, the company's and the group's corporate governance and social responsibility.

➤ Remuneration and Appointments Committee (terminated on 26 May 2021)

This committee's members were Francesca Moraci (Chairwoman), Flavio Nogara and Vanda Ternau. They were all non-executive and independent Directors. This committee was responsible for supporting, by presenting proposals and advising, the BoD with respect to, inter alia, the criteria and procedures for the appointment of key management personnel and members of FS Italiane S.p.A.'s Boards of Directors and Boards of Statutory Auditors of FS Italiane S.p.A.'s direct

subsidiaries, the co-opting of FS Italiane S.p.A.'s Directors, remuneration guidelines and policies, incentives and the remuneration of FS Italiane S.p.A.'s CEO and Chairperson (should the Chairperson receive executive powers).

➤ Control, Risks and Sustainability Committee (appointed on 16 June 2021)

The members of the Control, Risks and Sustainability Committee, appointed with the resolution of 16 June 2021, are: Pietro Bracco as Chairman (non-executive and independent), Riccardo Barbieri Hermitte and Stefano Cuzzilla (non-executive and independent). This committee is responsible for supporting the BoD's assessments and decisions with respect to:

- its approval of periodic financial and non-financial reports;
- the internal control and risk management system;
- the sustainability profile of the group's operations and its interaction with all stakeholders.

➤ Governance, Appointments and Remuneration Committee (appointed on 16 June 2021)

The members of the Governance, Appointments and Remuneration Committee were appointed with the resolution of 16 June 2021: Stefano Cuzzilla as Chairman (non-executive and independent), Pietro Bracco (non-executive and independent) and Alessandra Bucci (non-executive).

This committee supports the Board's assessments and decisions regarding:

- governance (inter alia: Board review; Directors' independence; composition of the group companies' Boards of Directors; the holding of several offices and the non-compete agreement)
- appointments (inter alia: co-opting Directors; recruiting and naming key managers; appointing the subsidiaries' corporate Bodies; succession plans for key managers)
- remuneration (inter alia: remuneration of executive Directors with special duties; remuneration policy and incentives for managers; HR development policy).

Directors' fees

Pursuant to the by-laws, the Directors receive reimbursement for the expenses incurred in the performance of their duties. The Shareholder may also determine an annual fee for the term of office. Furthermore, it is not permitted to pay amounts to the Directors for their participation in meetings and there is a limit to the fees that the members of committees that advise and make proposals, where necessary, within the Board, may receive (limit set at not more than 30% of the fee resolved for the office of director).

Upon the proposal of the competent Board committee, the BoD determines the amount of the fees pursuant to article 2389.3 of the Italian Civil Code that the Chairperson and CEO will receive (including fees due for their position as Director), taking into account any guidance from the Shareholder.

For FS Italiane S.p.A.'s BoD in office until 26 May 2021: (i) the Shareholder established the fees for the Directors and Chairman of the BoD during the meeting on 30 July 2018 when the Shareholder also recommended to the BoD the total maximum fee (including the meeting fee) for the Chairman permitted by article 2389.3 of the Italian Civil Code in the event of the assignment of powers; (ii) during the meeting on 31 July 2018, the BoD resolved on Mr. Battisti's fee as CEO (pursuant to article 2389.3 of the Italian Civil Code, including his fee as Director); (iii) during the Board meeting on 2 August 2018, the BoD resolved on Mr. Battisti's remuneration as General Manager (GM); (iv) during the Board meeting on 25 September 2018, following the resolutions of the shareholder, the BoD assigned powers for the matters authorised by the Shareholder and resolved on the total fees of the Chairman, Mr. Castelli. Both of Mr. Battisti's fees, as CEO and GM, include fixed and variable components, the latter linked to the achievement of objective and specific annual targets which the BoD defined upon the proposal of the Appointments and Remuneration Committee.

For FS Italiane S.p.A.'s BoD appointed on 26 May 2021: *(i)* the Shareholder established the fees for the Directors and the Chairwoman of the BoD during the same meeting on 26 May 2021 when the Shareholder also recommended to the BoD the total maximum fee (including the meeting fee) for the Chairwoman permitted by article 2389.3 of the Italian Civil Code, in the event of the assignment of powers; *(ii)* during the meeting on 3 June 2021, the BoD, following the Shareholders' decisions, assigned the powers for the matters authorised by the Shareholder and determined the total amount of the fee for Ms. Giadrossi's fee as Chairwoman; *(iii)* during the meeting on 30 June 2021, the BoD resolved on Mr. Ferraris' fee as CEO - after he was appointed CEO of FS Italiane S.p.A. by the BoD during the meeting on 3 June 2021 - (pursuant to article 2389.3 of the Italian Civil Code, including his fee as Director). The aforementioned fee resolved upon for Mr. Ferraris includes fixed and variable components, the latter linked to the achievement of objective and specific annual targets which the BoD defined upon the proposal of the Governance, Appointments and Remuneration Committee.

The members of the Board's committees receive additional fees equal to 30% of the fees determined by the Shareholder for Directors, in accordance with the by-laws.

The following tables, including the notes, detail the total annual remuneration approved for:

- the Chairman and CEO and GM of FS Italiane S.p.A. in office until 26 May 2021 (TABLE A)
- the Chairwoman and CEO of FS Italiane S.p.A. appointed on 26 May 2021 (TABLE B).

TABLE A (Fees of the Chairman and CEO in office up to 26 May 2021)

| CHAIRMAN¹¹ | Annual fees for the chairman |
|----------------------------------|---------------------------------------|
| Fixed remuneration | 238,000 |
| Variable component | - |
| CEO AND GM¹² | Annual fees for the CEO and GM |
| Fixed remuneration | 645,000 |
| of which for the position of CEO | 65,000 |
| for the position of GM | 580,000 |
| Variable component | 125,000 |
| of which for the position of CEO | 25,000 |
| for the position of GM | 100,000 |

TABLE B (Remuneration of the Chairwoman and CEO in office since 26 May 2021)

| CHAIRWOMAN¹³ | Annual fees for the chairwoman |
|--------------------------------|---------------------------------------|
| Fixed remuneration | 238,000 |
| Variable component | - |
| CEO¹⁴ | Annual fees for the CEO |
| Fixed remuneration | 645,000 |
| Variable component | 125,000 |

Criteria and methods for the appointment of BoD members of FS Italiane S.p.A.'s direct and indirect subsidiaries

According to the MEF directives, pursuant to the current legislation on the gender quotas and based on the management decisions, FS Italiane S.p.A.'s BoD has drafted general criteria for the selection of candidates for positions in the Boards of Directors and the Boards of Statutory Auditors of the group companies, also to create a balance of diversity on such Boards. Specifically, in accordance with the MEF Directive of 31 March 2021 (which updated certain aspects of the previous MEF Directive of 31 March 2020), the members of the corporate bodies of the FS Italiane group companies must be selected

¹¹ The total annual gross fees of the chairman pursuant to article 2389 of the Italian Civil Code, indicated in the table, include the fee that the shareholders have determined for the office of chairperson of the BoD (€50,000.00). In accordance with the clause in the by-laws regarding the directors' expenses for the performance of their duties, the company provides the chairman (as he is not a resident of Rome) with a flat in Rome at a monthly maximum cost of €5,000.00.

¹² The total annual gross fees of the CEO and the GM amount to €770,000.00, including the fee that the shareholders have determined for the office of director (€30,000.00). This amount is comprised as follows: the fee reported in the table above for the position of CEO, assigned by resolution of the BoD pursuant to article 2389 of the Italian Civil Code (fixed fee of €65,000.00 and variable fee of €25,000.00 - the latter to be paid upon achievement of the objective and specific annual targets defined by FS Italiane S.p.A.'s BoD, as proposed by the Remuneration and Appointments Committee) and, for the position of GM, fixed remuneration of €580,000.00 and variable remuneration of €100,000.00 (due upon achievement of 100% of the objective and specific annual targets defined by FS Italiane S.p.A.'s BoD, as proposed by the Remuneration and Appointments Committee; the amount due is calculated in proportion to the incentive parameters to reflect annual under/overperformance as determined annually in the group policies).

¹³ The total annual gross fees of the chairwoman pursuant to article 2389 of the Italian Civil Code, indicated in the table, include the fee that the shareholders have determined for the office of chairperson of the BoD (€50,000.00). In accordance with the clause in the by-laws regarding the directors' expenses for the performance of their duties, the company provides the chairwoman (as she is not a resident of Rome) with a flat in Rome at a monthly maximum cost of €5,000.00.

¹⁴ The total annual gross fees paid to the CEO amount to €770,000.00, including a fixed component (which includes the fee that the shareholder has determined for the office of director, amounting to €30,000) and a variable component (to be paid upon achievement of the objective and specific annual targets defined by FS Italiane S.p.A.'s BoD, upon the proposal of the Governance, Appointments and Remuneration Committee, or with its approval). The amount of the annual variable component is calculated in proportion to the incentive parameters to reflect annual under/overperformance as determined annually in the group policies.

and appointed based on the following criteria: identifying the best candidates in terms of professionalism and skills and, except for the specific corporate governance structures, to achieve an optimal mix also considering age and gender, in the pursuit of the companies' sustainable success. The candidates' professionalism and skills are assessed with specific regard to the operating sector, their track record in management and corporate bodies, financial markets, risk management, legal and corporate affairs and ESG aspects; valuing the in-house skills of group employees; requiring the parent's Directors to abstain from the appointment unless they have been assigned ongoing management duties within the parent; and establishing that remuneration is all-inclusive, with the appointed members required to return the fees.

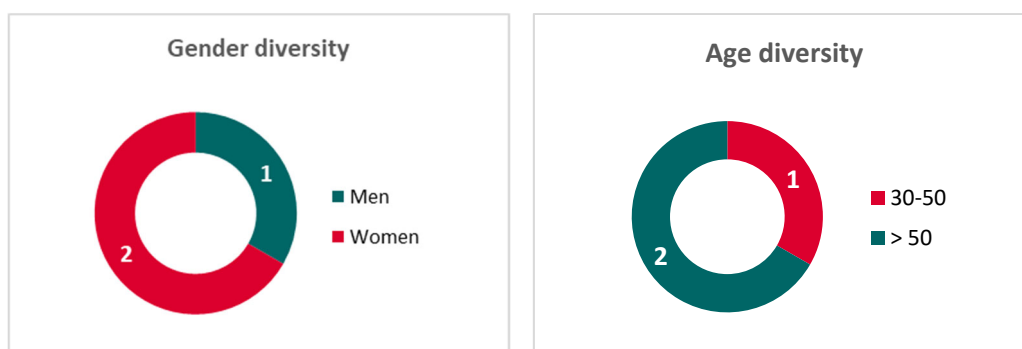
FS Italiane S.p.A. has transposed these criteria in its internal policies (most recently with the BoD resolution of 3 June 2021) and has established procedures to follow for the renewal of the corporate bodies of all group companies. Furthermore, for the subsidiaries indirectly controlled by the MEF, according to the MEF Directive of 31 March 2021, before appointing the members of its bodies, FS Italiane S.p.A. informs the MEF of the outcome of its preliminary assessment of the quality and aptitude of the potential candidates.

Board of Statutory Auditors

According to the by-laws, the Shareholder appoints a Board of Statutory Auditors comprised of three standing Statutory Auditors. The shareholder is also required to appoint two alternate Statutory Auditors.

At the meeting of 3 July 2019, the Shareholder appointed the standing Statutory Auditors Alessandra dal Verme (Chairwoman), Susanna Masi and Gianpaolo Davide Rossetti and the alternate Statutory Auditors Letteria Dinero and Salvatore Lentini for 2019, 2020 and 2021 and, in any case, until the Shareholder's Meeting called to approve the Financial Statements as at and for the year ending 31 December 2021.

The diversity of the members of the Board of Statutory Auditors, in compliance with article 10 of Legislative decree no. 254/2016, is illustrated below.



As for their qualifications, one standing statutory auditor is an employee of the MEF and the other two boast solid professional experience. Both alternate statutory auditors are MEF employees. All standing statutory auditors and one alternate statutory auditor have university degrees in economics and business and are enrolled in the register of certified auditors. One alternate statutory auditor has a university degree in law and is enrolled in the register of certified auditors. The Board of Statutory Auditors oversees compliance with the law, the by-laws and the principles of sound administration, particularly with respect to the adequacy of the organisational, administrative and accounting system adopted by FS Italiane S.p.A. and that it is effectively working.

When FS Italiane S.p.A. was attributed the Public Interest Entity status as noted earlier, pursuant to article 19 of Legislative decree no. 39/2010, the parent's Board of Statutory Auditors also became the "Internal Control and Audit Committee", with responsibility for monitoring financial reporting, the efficiency of internal controls, internal audit and the risk management system, the statutory audit and the independence of the independent auditors, particularly with respect to the type of any non-audit services they provide to the audited company.

In 2021, the Board of Statutory Auditors met 18 times, with each meeting lasting an average of two hours and 27 minutes and an average participation rate of 96.3%. The average participation rate of Statutory Auditors in the 12 BoD meetings of the year was 91.67%.

Internal controls and risk management system

The internal control and risk management system (ICRMS) is a series of tools, organisational structures, standards and rules aimed at sound, sustainable and proper business management in line with the business targets set by the Board of Directors, with an adequate process for the identification, measurement, management and monitoring of main risks, and the structuring of adequate flows of information to ensure its circulation.

An effective ICRMS encourages knowledgeable decisions and helps safeguard company assets, the efficiency and effectiveness of business processes, the reliability of financial reporting and compliance with laws and regulations, the by-laws and internal policies. Even if the ICRMS is adequate and effective overall, it can only provide “reasonable assurance” that the company’s targets will be met. This is because the purpose of the ICRMS is to mitigate risks by managing them, and it cannot eliminate all the risks in each management and control process. FS Italiane S.p.A. uses the internationally recognised CoSO framework to implement, analyse and assess the ICRMS.

The ICRMS provides for three levels of control:

- level 1 controls: to ensure the correct performance of operations and an adequate response to the related risks. These activities include periodically checking the effectiveness and efficiency of the design and effectiveness of controls to: i) ensure that they are tailored to their objectives, ii) check that they are updated to any changes in operations, iii) identify and promote any improvement actions. Management, working at all levels of the organisational structure, is responsible for defining and conducting these controls, and they are considered part of ordinary operations.
- level 2 controls: to monitor the main risks with the aim of ensuring the effectiveness and efficiency of the related risk management and to monitor the adequacy and effectiveness of controls (for main risks). Level 2 controls also support level 1 in the definition and implementation of adequate management systems for the main risks and related controls. Management and other specific functions, like Risk management, Compliance and the Manager in charge of the Company’s accounting documents preparation conduct level 2 controls.
- level 3 controls: to provide independent and objective assurance on the adequacy and effectiveness of the level 1 and 2 controls and, in general on the overall ICRMS. Independent, non-operating units, such as the Audit Department, perform level 3 controls.

The roles and responsibilities of the main parties involved in the ICRMS are described below.

Internal Audit

Sergio Romiti was appointed Chief Audit Officer of FS Italiane S.p.A. by the latter’s BoD, with the prior approval of the parent’s Control, Risks and Sustainability Committee and its Board of Statutory Auditors, as proposed by the BoD Chairperson, in agreement with the CEO. Fixed and variable remuneration of the parent’s Chief Audit Officer was approved by the parent’s BoD, as proposed by the BoD Chairperson, in agreement with the CEO and according to with the parent’s remuneration policies as well as with the prior approval of its Control, Risks and Sustainability Committee. Furthermore, as proposed by the BoD Chairperson, in agreement with the CEO and with the prior approval of its Control, Risks and Sustainability Committee, the parent’s BoD approves the budget of the parent’s Audit Department, ensuring that the Chief Audit Officer has adequate resources to perform his duties. With the prior approval of the parent’s Control, Risks and Sustainability Committee and approval of the Chairperson, the CEO and the Board of Statutory Auditors, the parent’s BoD approved the 2021 audit plan proposed by the Audit Department, prepared by the Chief Audit Officer.

The organisational and functional structure for the group’s Internal Audit Department, completed in 2017, includes:

- an Internal Audit Department at the parent and at its main fully-consolidated subsidiaries. Considering their characteristics, respective risk profiles and input from the parent’s Audit Department, these subsidiaries assess their internal audit structure - with respect to the efficiency criteria and considering the objectives of effective

oversight of their internal control and risk management system and the performance of internal audit activities based on the guidelines and methodologies defined by the parent's Audit Department;

- the parent's Audit Department's coordination of the group Internal Audit Departments by: i) defining and updating audit guidelines and methodologies; ii) managing the professional internal audit family, as group process owner, also approving candidates to head the subsidiaries' Internal Audit Departments.

The heads of the Internal Audit Departments report to their respective companies' BoDs, whose Chairpeople ensure a liaison between the Internal Audit Department and the BoD. The Control, Risks and Sustainability Committee - where one has been set up - monitors the Internal Audit Department's autonomy, adequacy, efficiency and effectiveness, jointly with the BoD Chairperson.

Internal auditing at group level is independent and objective, provides assurance and serves an advisory purpose, to improve the efficiency and effectiveness of the organisation. The Internal Audit Department helps the company to pursue its targets through a professional and systematic audit approach, which generates added value as it is aimed at assessing and improving control, risk management and corporate governance processes.

Accordingly, the Internal Audit Department is responsible for:

- verifying the ICRMS' effectiveness and adequacy on an ongoing basis and with respect to specific needs, and providing assessments and recommendations to promote efficiency and effectiveness;
- providing management with specialised support on the ICRMS to encourage the efficiency, effectiveness and integration of controls in business process and to promote constant improvements in governance and risk management.

All functions, units, processes and/or sub-processes and IT systems are subject to internal audits depending on risks and related objectives of:

- efficiency and effectiveness of business processes;
- reliability of financial reporting;
- compliance with laws, regulations, the by-laws and applicable regulations;
- safeguarding group assets.

The Audit Departments provide the related companies' supervisory bodies with operational support in the performance of the supervisory activities.

Risk management

Management and the structures specialised in risk monitoring play a crucial role in risk management since they are responsible for level 1 controls monitoring. However, over time, the FS Italiane group has organised various level 2 controls to support management in the definition and implementation of adequate management and monitoring systems for the main risks and controls (e.g., risk management, the Manager in charge of the Company's accounting documents preparation, anti-bribery & corruption, compliance and data protection). In this context, the group's Risk Management Department, within FS Italiane S.p.A.'s Security & Risk area, coordinates the overall management of group risk governance, designing, implementing and governing the framework for the management and measurement of all business risks. With reference to the integrated monitoring process, the Risk management department combines strategies, policies, processes and operating mechanisms for the identification, assumption, management, mitigation, monitoring and reporting of the main risks to which the organisation is exposed and methodologically coordinates the group's various risk management controls.

Based on the framework that the parent has developed, each subsidiary has a risk management unit reporting directly to the CEO. This organisational structure, in which the risk management units act as partners for the business, makes it possible to factorise the specific particularities of each company. The risk management units ensure the application of the operating methodologies and procedures defined in the group framework.

The FS Italiane group's risk management framework establishes the existing and potential areas, responsibilities, methodologies and tools for the effective management of the process to identify, assess, measure, manage and monitor the group risks which supports the risk-based decision-making process. Adopting a single group-wide framework has enabled the group to:

- establish the scope of application of the risk management process, identifying the areas for action and the decision-making processes embodying such process;
- identify tools and group-wide consistent and coherent risk assessment and management models, establishing responsibilities and their application in the parent and the group companies, based on the type of activities and the area in which these activities are carried out;
- establish methods to interpret, analyse and present the findings of the shared risk management activities;
- promote a more risk management-oriented corporate culture;
- drive the growth of the professional family via the dissemination of a common language and pathways for the development of the expertise and professionalism of the resources involved in the risk management process.

Data Protection Officer

According to the Regulation (EU) 2016/679 (the General Data Protection Regulation – "GDPR"), the FS Italiane group has set up an operating model for the protection of personal data (Data Protection Framework), which establishes a set of internal rules, methodologies, roles and responsibilities assigned to all the departments involved in the personal data processing.

The Group Measure no. 295/AD "Personal Data Protection Management Model" lays out the fundamental Data Protection principles and describes the roles for their implementation within the FS Italiane group, along with the structure of macro responsibilities and information flows from and to the BoD, senior management, the units involved in the development of the Data Protection Framework and those involved in the processing of personal data, to protect data subjects as much as possible. All group companies have implemented this Group Measure and, depending on the complexity of their personal data processing, have appointed their own respective Data Protection Officers ("DPO"), responsible for ensuring that the operating methods and information flows indicated in the Group Measure are followed.

As required by the GDPR, the Data Protection Officer is responsible for monitoring compliance with the GDPR and other legal provisions on the Data Protection and is, for all intents and purposes, part of the internal control and risk management system.

Furthermore, a data protection organisational chart has been defined for the FS Italiane group, with the following key figures:

- Controller: the CEO/Sole Director of each company, as appointed by the respective BoD;
- Data Manager: the head of the organisational structure that, in relation to its assigned activities, the Controller has delegated to manage personal data processing;
- External Data Processor: a data processor to which the Controller has outsourced the processing, named whenever the Controller's company has data processed externally, including intragroup processing;
- Group DPO: the person appointed, upon the proposal of the CEO (Controller), by the parent's BoD, to which the DPO reports, responsible for defining the data protection methodologies, steering and coordinating data protection activities, developing the related professional family and liaising with the data protection authority;
- Company DPO: the person appointed by each company, upon the proposal of the CEO (Controller), by the company's BoD, to which the DPO reports, responsible for monitoring compliance with the GDPR and the application of the data protection framework within the company;
- Data Protection Officer: the contact person for the group DPO with respect to all activities, appointed by the Controller.

In order to implement the Principles provided in the Group Measure no. 295/AD "Personal Data Protection Management Model", FS Italiane S.p.A. issued the Group Organisational Notice no. 65/GCASC/DPO "Implementation of the Personal Data Protection Management Model", to be adopted and implemented by the subsidiaries and which provides detailed guidance on the activities to carry out in order to ensure compliance with the provisions of the Regulation. The Organisational Notice governs all aspects of Data Protection by design and by default, the Data Protection impact assessment, the management of third parties, how to handle data breaches, the implementation of data cancellation times and the management of data subjects' rights.

Compliance

The Compliance department in the Legal Affairs area, established with organisational measure no. 133/AD of 2 May 2016, monitors the national and international legislation and best practices which the company and group rules must reflect. The Compliance department, provides the necessary support for the definition of actions to take to ensure compliance with new laws and regulations, as well as the resulting organisational, strategic and business implications. It also checks that the company and group guidelines, requirements and procedures are in line with legislation, proposing areas of improvement for the purpose of correct legal orientation. Furthermore, the Compliance department provides specialised support, coordinating with other relevant company units, for the implementation and management of internal control models and compliance program relating to the ABC system, the antitrust compliance program, within which the head of the Compliance department, along with the head of the Antitrust Department (Corporate Affairs - Regulatory and Antitrust Affairs), serves as the "body responsible for executing the program", and the Data Protection Framework. In addition, with the coordination of the 231 Team, the Compliance department updates FS Italiane S.p.A.'s 231 model with respect to developments in the application regulations and changes in the organisation and processes. It supports decision-making processes by analysing business and trade compliance profiles with respect to trade development initiatives abroad (business partners, consultants and sales promoters), M&As, sponsorships and other strategic initiatives.

As provided by the Organizational Notice no. 536/AD of 28 February 2018 "Establishment of the 231 Steering Committee and update of the 231 Team", the Compliance department is the sole technical support unit for the 231 Steering Committee, which coordinates the 231 Team, permanently appointed to provide specialised technical support to the parent in updating the Organisational model pursuant to Legislative decree no. 231/2001.

With Group Measure no. 280/AD of 6 November 2019, the "FS Italiane group compliance model" was defined and issued, with a description of the organisational aspects and processes regulating it.

In line with the organisational solutions adopted by the other second and third level control departments comprising the general ICRMS, the group has a decentralised compliance model. The parent's Compliance department acts as the chief group structure with separate compliance units/departments also set up at the subsidiaries. This enables suitable specialisation by type of business, gaining advantages from proximity to the business units and enhancing the specific organisational and operating characteristics of the individual companies, while also ensuring that the same compliance governance model is adopted throughout the group.

This compliance model is transposed into the internal governance systems of the group companies, which issue their own organisational measures in this respect to apply its content to their specific business organisations. Based on the specific nature of their organisations and business and the operational complexity of their activities, the subsidiaries' compliance units ensure the application of methodologies and operating procedures that are consistent with those outlined in the group compliance model.

To this purpose, the Compliance department guarantees specialist and methodological support to the subsidiaries' compliance units/departments on issues related to implementing the group compliance model.

The Compliance department also participates in several work groups, teams and committees, including the “Program Team” for initiatives to prepare for the risks of climate change.

The Manager in charge of the Company’s accounting documents preparation of FS Italiane S.p.A.

In 2007, as per the request of the Shareholder MEF, FS Italiane S.p.A. created the position of “Manager in charge of the Company’s accounting documents preparation”. The position became legally mandatory in 2013 pursuant to article 154-bis of the Consolidated Law on Finance when the parent subsequently issued bonds listed on the Dublin Stock Exchange (EMTN programme), resulting in FS Italiane S.p.A.’s status as a public interest entity pursuant to article 16 of Legislative decree no. 39/2010 as an “Issuer of listed financial instruments”.

FS Italiane S.p.A.’s current Manager in charge of the Company’s accounting documents preparation, most recently appointed by the BoD on 16 June 2021 upon the CEO’s proposal and with the approval of the Board of Statutory Auditors, is Roberto Mannozi, the parent’s Chief Administration, Planning & Control Officer. His term of office ends with the approval of the Financial Statements as at and for the year ended 31 December 2023.

The article 16 of FS Italiane S.p.A.’s by-laws and the Regulation for the Manager in charge of the Company’s accounting documents preparation establish that the BoD appoints the Manager in charge of the Company’s accounting documents preparation for a period not less than the term of the BoD’s office and not more than six years, with the prior mandatory approval of the Board of Statutory Auditors. The by-laws also require the Manager in charge of the Company’s accounting documents preparation to be chosen according to criteria of professionalism and skills among the managers who have adequate experience for the scope and complexity of the position.

On 28 July 2015, the BoD approved the Regulation of the Manager in charge of the Company’s accounting documents preparation to give the Manager the appropriate means and powers, to carry out the assigned duties. Such means and powers must be in line with the nature and complexity and the size of the company and the group. Hence, they include the possibility to interact with other bodies and departments.

Considering FS Italiane group’s organisational and operational complexity, in order to reinforce and more effectively implement legislation, FS Italiane S.p.A.’s BoD decided to encourage the appointment of Managers in charge of the Company’s accounting documents preparation by its main subsidiaries immediately. Currently, the following companies have appointed Managers in charge of the Company’s accounting documents preparation: RFI S.p.A., Trenitalia S.p.A., Mercitalia Logistics S.p.A., Mercitalia Rail S.r.l., Busitalia-Sita Nord S.r.l., Ferservizi S.p.A., Fercredit S.p.A., FSTechnology S.p.A. and Ferrovie del Sud Est S.r.l.. Anas S.p.A. and its subsidiaries, Anas International Enterprise S.p.A. (AIE) and Quadrilatero Marche Umbria S.p.A. have also appointed Managers in charge of the Company’s accounting documents preparation.

Main characteristics of the risk management system and internal controls over financial reporting pursuant to article 123-bis.2.b of the Consolidated Law on Finance (Report on corporate governance and the ownership structure)

The purpose of the internal control system over financial reporting is to provide reasonable certainty about the reliability, accuracy and timeliness of financial reports, while also ensuring that the processes used to produce such reports comply with International Financial Reporting Standards (IFRS).

FS Italiane S.p.A.’s Manager in charge of the Company’s accounting documents preparation defines and updates the group’s financial reporting internal control and risk management model over financial reporting (the “262 Model”). The “262 Model” is based on the applicable international standards (CoSO Report “Internal Control – Integrated Framework” published by the Committee of Sponsoring Organizations of the Treadway Commission) and is in line with the provisions of article 154-bis of the Consolidated Law on Finance.

As described earlier, this model provides for a Manager in charge of the Company's accounting documents preparation within the parent and in the main subsidiaries as well. FS Italiane S.p.A.'s Manager in charge of the Company's accounting documents preparation defines and monitors the annual plan of activities for group compliance with Law no. 262/2005, including the Tax Control Framework plan for the participating companies (see below). The plan is submitted to the parent's BoD for approval and to the subsidiaries' Boards of Directors with reference to sections regarding them (if they have a Manager in charge of the Company's accounting documents preparation). Furthermore, the FS Italiane S.p.A Manager in charge of the Company's accounting documents preparation issues guidelines for the preparation of administrative/accounting procedures and for monitoring that such procedures are adequate and effectively applied and issues certifications on internal controls over financial reporting. The subsidiaries' Managers in charge of the Company's accounting documents preparation implement and maintain the internal controls over financial reporting, continuously exchanging information with the parent's Manager in charge of the Company's accounting documents preparation. The stages and roles in the financial reporting control process are described below.

The model is characterised by the following main aspects:

- the central role of the process owners/control owners (of all the company units) in defining, certifying and maintaining over time an adequate system of internal controls over financial reporting;
- use of a specific "262 risk" assessment methodology, based on impact and probability criteria for all stages of the process.

The 262 Model is integrated and coordinated with the group's other risk control and management models for an ever more efficient ICRMS. For example, for the companies that have implemented the Tax Control Framework (TCF) or ABC models, the 262 controls that mitigate fiscal risks of ABC risks as well are marked as tax or ABC risk controls and are included in all stages of the 262 process described below. This means that they include additional information flows and process players. In order to benefit of the internal control system that has already been extensively implemented to comply with Law no. 262 the Manager in charge of the Company's accounting documents preparation, together with the Tax Manager for matters within its competence, has validated and introduced 262 procedures marked as "fiscal" or "fiscalized" (see the section on the TCF). The administrative/accounting procedures and related controls are also safeguards for the companies' 231 models. According to the Group Measure no. 250/AD "FS Italiane group's financial reporting control model", the financial reporting control process consists of the following stages: identification of the company/process within the 262 scope; process mapping; risk and control assessments; issuance/revision of procedures; self-certification of the adequacy and effectiveness of controls by Control Owners/Process Owners (i.e., self-assessment mechanism); independent tests; issues evaluation and action plans management; issuance of certification.

The scope definition stage identifies - with a risk-based approach - relevant companies and processes on which to focus 262 process activities.

The companies that fall within the scope are identified:

- on the basis of the various companies' contribution (measured as a percentage) to specific combined Financial Statements captions - revenue, assets, net financial position/(debt), equity, gross operating profit and pre-tax profit (loss);
- considering qualitative factors based on risk profiles and entity level control assessments.

Within the scope of relevant companies (known as the "262 scope"), significant processes are then identified on the basis of an analysis of quantitative factors (processes that contribute to the Financial Statements captions with amounts exceeding a specific percentage of the pre-tax profit or aggregate equity) and qualitative factors.

The processes are mapped by the staff of the Manager in charge of the Company's accounting documents preparation or, if one has not been appointed, by the administration managers and their staff, in collaboration with the relevant process owners. The processes are mapped based on current Organisational Documents and practices used. The processes are

mapped in the administrative/accounting procedures, consisting of a narrative (document describing the steps in the process) and a risk and control matrix.

During the risk and control assessment, when the administrative/accounting procedure is prepared and together with the process owners, the staff of the Manager in charge of the Company's accounting documents preparation assesses the 262 risks relating to the mapped process, using a qualitative and quantitative methodology that is tied to impact and probability parameters. The controls over such risks are identified and assessed for adequacy, with the identification of any needs to integrate or improve the design of the controls (at the reporting date, roughly 5,800 controls of the corporate procedures had been mapped). In this stage, the key and super key procedure controls are identified - in line with the assessment of the underlying risks. The key and super key risks are those that could lead to a more significant risk of incorrect disclosure or misstatement in the Financial Statements if they are missing or not effective. The risk assessment is updated at least once a year after the Financial Statements are published.

When the procedures are issued/revoked, administrative/accounting procedures are formalised, which govern the information, data and administrative/accounting records logically and chronologically, describing the activities that must be carried out to produce or record them, the internal controls and tracking.

The administrative/accounting procedures may be group-wide, and in this is the case, they are issued by FS Italiane S.p.A.'s Manager in charge of the Company's accounting documents preparation for the parent, and by the Managers in charge of the Company's accounting documents preparation or administration managers of the companies within the 262 scope and validated by the process owners. Before the issuance, corporate procedures are subject to quality assurance tests performed by the office of the parent's Manager in charge of the Company's accounting documents preparation to check the consistency and compliance with group standards, with the quality assurance check by the parent's Manager in charge of the Company's accounting documents preparation.

At the date reporting date, FS Italiane group had issued over 390 company and group administrative/accounting procedures, including the first 262/fiscal/fiscalized procedures (validated by the tax managers). They are sent to the main company departments/subsidiaries, senior management and all control bodies, and are published on the group's website

In the self-assessment stage, the control owners and process owners concerned certify that the administrative/accounting procedure controls have been adequately designed and are effectively applied in the relevant period by filling out specific questionnaires that they receive via the information system supporting the 262 process.

The control owners fill out the questionnaires on the design and effective operation of the individual controls, while the process owners validate control owners' responses, certifying the procedure as a whole or the part of the procedure that concerns them.

Hence, the mechanism for the flow of information described above entails the ongoing involvement of various company levels to make it increasingly reliable to source the information and data used for financial disclosures. The self-assessment process also contributes to keeping the system of administrative/accounting procedures continuously up-to-date on the basis of the information reported by the process owners.

During the independent testing stage, the design and effective operation of these controls are checked on the basis of audit standards and methodologies, coordinated by the staff of the parent's Manager in charge of the Company's accounting documents preparation. They consist of the following steps: 1) preparation of a periodic plan of checks for the group, identifying a schedule and appointed teams; 2) definition of testing procedures (test scripts); 3) performance of tests and formalisation of results; 4) analysis and evaluation of any critical issues. The staff of the parent's Manager in charge of the Company's accounting documents preparation conducts quality assurance checks on the test scripts to check that they comply with group standards. The testing is conducted with the staff of the Manager in charge of the Company's accounting documents preparation and with the support of the Audit Departments and using Ferservizi S.p.A. resources with which the parent has signed a specific service agreement. In addition, the outcome of the tests on the 262 controls that the

independent auditors perform as part of the broader audit process is also considered synergistically. Furthermore, both the parent and certain subsidiaries are proceeding with the application of the combined assurance methodology to integrate - where possible - 262 testing in planned audits to improve operational efficiency.

The action plan management stage consists of identifying the necessary actions to resolve weaknesses - both in terms of the design and effectiveness of the controls - that arise in all the different stages of the 262 process (in particular, in the independent testing and self-assessment), as well as in the identification of the people responsible and the time needed to carry out the controls. The action plans are defined by the staff of the Managers in charge of the Company's accounting documents preparation/administration managers along with the process owners and their implementation is continuously monitored.

Once this process is completed, the parent's Manager in charge of the Company's accounting documents preparation drafts a report on the activities performed in the period and sends it to the BoD when the draft Financial Statements are approved. Finally, the Manager in charge of the Company's accounting documents preparation, jointly with the CEO, issues a certification both on the separate and on the consolidated Financial Statements pursuant to article 154-bis of the Consolidated Law on Finance, using the formats provided by Consob. Similarly, the subsidiaries' Managers in charge of the Company's accounting documents preparation issue their own certifications on the Financial Statements with joint signature of their respective CEOs and prepare their reports for the relevant BoDs. The administration managers of the other companies that fall within the "262 scope" (which have not appointed a Manager in charge of the Company's accounting documents preparation) issue similar certification on the Financial Statements with joint signature of their CEOs for internal purposes. In addition to the certifications described above, the group model also provides for internal statements of the adequacy and effectiveness of the group's and the company's internal controls and risk management over financial reporting, which are issued by the administration managers and CEOs of the subsidiaries that do not fall within the "262 scope", the chief officers of the parent's departments and the outsourcers of administrative and IT services and all other services that affect financial reporting.

The process to ensure compliance with Law no. 262/2005 is carried out with the support of the group's MEGA – Hopex information system. The FS Italiane group's controls over financial reporting are also extended through ongoing communication and training activities, with refresher courses on developments in internal controls over financial reporting.

For the relationships between the Manager in charge of the Company's accounting documents preparation and the management/control bodies (CEO, BoD, the Board of Statutory Auditors, including the Internal Control and Audit Committee, the Control, Risks and Sustainability Committee, the Supervisory Body, the Independent Auditors, the Internal Audit Department, etc.), are described in the aforementioned Regulation for the Manager in charge of the Company's accounting documents preparation which actually defines the inter-relationships and reporting flows. Specifically, the Manager in charge of the Company's accounting documents preparation collaborates with other control functions to share planned activities, the outcome of such activities and action plans to create synergies and optimise the group's control process.

Lastly, to integrate the above-mentioned Law no. 262/2005 compliance model and, more in general, to strengthen the group's internal controls and risk management, the group has implemented group-wide models for Segregation of Duties (SoD) and Information Technology General Controls (ITGC). The aim of the SoD model is to activate operational controls over processes with specific focus on those for financial reporting, to ensure that responsibilities are defined and duly assigned without functional overlapping or operational assignments that concentrate critical activities on one single operator. Another purpose of the SoD model is to provide a consistent and coherent view of the entire authorisation system for the management of roles and users in the information systems. The aim of the ITGC model is to define internal controls

over IT processes to ensure the continuous and correct functioning of the business application systems that process the data used in financial reporting. The ITGCs include controls over the stages of development and maintenance of application systems, the purchase of software, logical access security, etc.. The use of the ITGC model, for the main subsidiaries that have implemented it, supports the heads of FSTechnology's business units provide the Managers in charge of the Company's accounting documents preparation/administrative managers with the IT certifications on the effectiveness of the financial reporting systems.

Tax control framework

FS Italiane S.p.A., along with its most important subsidiaries, Trenitalia S.p.A. and RFI S.p.A., joined the tax cooperative compliance programme introduced by Legislative decree no. 128 of 5 August 2015, named "Provisions on legal certainty in relationships between the tax authorities and taxpayers". This optional scheme is intended to promote a new method of communication and reinforced cooperation between the tax authorities and taxpayers, clarifying the law and simplifying relationships with the tax authorities. Joining the scheme has required the adoption of an effective system to recognise, measure, manage and control tax risk (the tax control framework), i.e., the risk of operating in violation of tax regulations or in conflict with the principles or purposes of the legislation.

FS Italiane S.p.A.'s and the FS Italiane group's Tax Control Framework, as outlined in the documents "Ferrovie dello Stato Italiane S.p.A. and FS Italiane group tax strategy" and "Ferrovie dello Stato Italiane S.p.A. and FS Italiane group internal control model on the recognition, measurement, management and control of tax risk", provides for a control model for tax risks. The Tax Control Framework is based on the 262 Model in order to improve the organization process in terms of the economy and efficiency. Hence, it benefits from the controls already effectively adopted for compliance with Law no. 262/2005 to ensure the truthfulness of financial reporting. Specifically, this model provides for the integration of the administrative/accounting procedures of the Manager in charge of the Company's accounting documents preparation and tax annexes (i.e., the fiscalized procedures) and the issuance of additional procedures (i.e., fiscal procedures) to govern business processes that typically have a tax impact and were not previously governed. The Tax Control Framework includes the guidelines for the recognition, measurement, management and control of tax risks associated with the proper interpretation of tax law (i.e., interpretation risk). Interpretation risk relates to tax matters of a merely interpretative/assessment nature that could be seen differently by the taxpayer and the tax authorities. It typically arises on transactions that are, by their nature or frequency, beyond the scope of ordinary company activities (i.e., non-routine transactions), although they may also arise in ordinary processes for the fulfilment of tax obligations and in tax consulting to other company units, especially when new legislation or processes are applied. These guidelines, which also serve for the fulfilment of the disclosure obligations pursuant to article 5.2.b) of Legislative decree no. 128 of 5 August 2015, were implemented by FS Italiane S.p.A. with a specific organisational notice (no. 552/APC of 21 December 2021) and by the other group companies, RFI S.p.A. and Trenitalia S.p.A., which, together with the parent, have joined the tax cooperative compliance programme. FS Italiane S.p.A.'s Board of Directors governs and steers the Tax Control Framework, which is managed by the Tax Director with the assistance of the Tax Compliance department within the Tax department under the Administration, Planning & Control Department.

Planning and management control system

In line with the strategic guidelines and objectives that the Board of Directors has defined:

- the Strategy, Sustainability & Asset Management department, which, to generate economic, environmental and social value for all stakeholders, defines the group's strategies, strategic positioning and the development of the group's business both in Italy and abroad;
- the Administration, Planning & Control (APC) department:

- manages, in line with the group's strategies and strategic guidelines, the medium- to long-term planning process for the definition of the group's business plan and monitors and checks the latter's implementation. In particular, it ensures the preparation of the parent's and the group's business plan by coordinating and supporting the development and consolidation of the proposals/plans of the individual group units/companies, before they are validated by the CEO, and monitors their implementation;
- oversees the group's planning and management control system through the operational implementation of planning (budgeting process) and the calculation and the analysis of actual results; specifically, it ensures the preparation of the parent's and FS Italiane group's budget, defining the guidelines for the annual budget and management control process for the group and supporting the subsidiaries in the preparation of their budgets, and monitors their implementation;

Management control activities cover nearly all aspects of FS Italiane S.p.A. and group operations, encompassing various types of controls:

- management control (for which the APC department is responsible), to check whether short-term budget targets have been met and to pursue the medium- to long-term targets in the business plan;
- operational control (for which the APC is responsible), to monitor operations and the efficiency of processes.

Short-term and operational management controls - which are based on analysing differences between actual and budgeted figures at the end of each month - allows to check, with specific focus at the end of each quarter, whether the actions taken by the structures/companies are consistent with plans. Furthermore, through management and operational control activities, it is possible to identify any discrepancy, define the appropriate corrective action and evaluate the performance of those responsible as part of the management by objectives model.

Independent auditors

The engagement for the statutory audit of the Financial Statements of the parent and its subsidiaries has been assigned to KPMG S.p.A. from 2014. In accordance with the special applicable provisions of Legislative decree no. 39/10 (article 16 and subsequent articles), after FS Italiane S.p.A. took on the ¹⁵status of a public interest entity following the 2013 issue of the listed bonds, the term of the engagement for the statutory audit is nine years (2014-2022).

To preserve the independent auditors' independence, group measure 246/AD of 19 February 2018, in accordance with EU regulation no. 537/14 and Legislative decree no. 135/2016 on auditing, formalised a specific procedure defining the principles and operating methods for the assignment of engagements - particularly those for non-audit services - to independent auditors and/or entities in their network. FS Italiane S.p.A.'s board of statutory auditors expresses a binding prior opinion on whether the respective group company should assign additional engagements - therefore other than the main audit engagement - to the auditors or entities in the same network.

The Court of Auditors' Magistrate appointed to oversee the financial management of FS Italiane S.p.A.

The Court of Auditors' Magistrate appointed to oversee the financial management of FS Italiane S.p.A., pursuant to article 12 of Law no. 259/1958 attends the meetings of the BoD and the Board of Statutory Auditors.

During the hearing of 17-18 December 2019, the Court of Auditors appointed Section President Giovanni Coppola to oversee the financial management of the parent. During the hearing of 3 November 2020, the Court named the director Roberto D'Alessandro as deputy magistrate to oversee the financial management of the parent.

¹⁵ With the exception of the Anas group, which is audited by Ernst & Young (EY)

Additional information on corporate governance

The Code of Ethics

The FS Italiane group's Code of Ethics, updated with resolution of the board of directors of 28 February 2018, is a "charter of fundamental rights and responsibilities" whereby the FS Italiane group establishes and clarifies its ethical and social responsibilities and commitments to all internal and external stakeholders. The FS Italiane group's Code of Ethics, which the group companies are required to adopt via a resolution of the respective boards of directors, applies to company officers, managers, employees and everyone who, directly or indirectly, permanently or temporarily, transacts and interacts with group companies. The Code of Ethics sets out the group's fundamental values (such as integrity and honesty, responsibility and awareness, passion, courage, etc.) and establishes standards of conduct for each stakeholder category. Specifically, the Code of Ethics contains a section on conflicts of interest, which requires avoiding situations in which personal interests, external activities, financial interests or relationships conflict with the group's interest and abstaining from taking decisions or carrying out activities that are in conflict with the group's interests or incompatible with one's duties. Potential conflicts of interest must also be immediately reported to the relevant manager or to the parent's Ethics Committee (see "Other committees") to determine whether such conflict exists and for guidance in relation thereto.

The Code of Ethics is widely published on the FS Italiane group's intranet and internet sites and compliance with its provisions is a fundamental part of employees' contractual obligations. Contracts agreed by group companies also require third parties to comply with its principles.

Processing of corporate information

The processing of corporate information within the FS Italiane group complies with the provisions of Regulation (EU) 569/2014 on market abuse.

Activities related to the processing of corporate information, started in 2016 with the adoption by FS Italiane S.p.A.'s BoD of the "Regulation for the internal management and disclosure of insider information and the processing of confidential information" (the insider dealing regulation) and subsequently amended in the meeting of 13 September 2017, continued in 2021 according to the current corporate measures. This regulation was implemented with Group Measure no. 261/AD of 21 January 2019¹⁶.

The aim of the regulation is to prevent the disclosure of insider and/or confidential data and information concerning the group at an unexpected or premature time to avoid the risk of the company being held liable for conduct by people within it or related to it constituting the crimes covered by current legislation. Hence, the regulation defines the principles, mandatory conduct, roles and responsibilities for the processing and management of the group's insider and confidential information. Parties like Directors, Statutory Auditors and employees of FS Italiane S.p.A. and its subsidiaries, advisers and anyone with regular or occasional access to insider/confidential information for professional or work-related reasons must comply with the conduct obligations in the regulation. FS Italiane S.p.A. has also implemented a "Procedure for the internal management of the log of people with access to insider information", contained in Group Measure no. 261/AD of 21 January 2019, which establishes the operating methods for the compilation of the Insider log.

Furthermore, as part of the fight against market abuse, FS Italiane S.p.A.'s board of directors approved the "Code of Ethics for the identification of insiders and the notification of transactions involving FS financial instruments undertaken by them (the "Internal Dealing Code"). This Code sets out the principles, behavioural obligations, roles and responsibilities of the Insiders. The code includes the definition of Insiders, which include the members of the Board of Directors, the standing Statutory Auditors and Chief Officers of FS Italiane S.p.A., as well as all other parties that were identified previously by FS Italiane S.p.A.'s CEO, having regular access to insider information directly or indirectly relating to FS, and having the power

¹⁶ Replacing group measure no. 239/AD of 9 October 2017.

to make management decisions that affect the company's future direction and outlook. The same obligations also apply to persons closely associated with the parties referred to above.

The Internal Dealing Code was implemented with Group Measure no. 264/AD of 19 March 2019¹⁷.

Organisational, management and control model pursuant to Legislative decree no. 231/2001 and the supervisory bodies

Group Measure no. 209/P of 9 June 2016, which replaced the previous measures introduced since 2002, requires FS Italiane group companies to adopt organisational, management and control models to prevent unlawful acts covered by Legislative decree no. 231/2001 (231 Models) and establish a supervisory body responsible for monitoring that the models are functionalities and compliance and propose updates to them.

According to the measure, supervisory bodies are normally set up as Boards.¹⁸ To ensure the bodies' independence, their members may not hold similar positions with subsidiaries or parents nor have interests in or carry out material transactions with the company, subsidiaries or parents in the three years preceding their appointment.¹⁹

On 17 December 2020, FS Italiane S.p.A.'s Board of Directors approved the last update to the company's 231 model. The by-laws of the supervisory body and the related section in the General Part of the 231 model establish that the supervisory body consists of: (i) at least two members from outside the group, one of whom - meeting the specific requirements of Legislative decree no. 231/2001 - is named Chairperson, and (ii) another member from outside the group or, alternatively, the head of the Internal Auditing Department. The non-group member who is not Chairperson may be a member of the Board of Statutory Auditors. If all members of the Supervisory Body are from outside the group, in order to encourage the integration and synergy of people involved in the internal control system, by resolution of the Supervisory Body, it establishes whether (i) the head of the Internal Auditing Department attends all the meetings to offer advice and support or whether (ii) the supervisory body invites the head of the Internal Auditing Department on a case-by-case basis to the individual meetings or to discuss specific matters, again to offer advice and support.

FS Italiane S.p.A.'s Supervisory Body currently consists of three external members, one of whom has been appointed chairman.

With Company Order no. 536/AD of 28 February 2018, FS Italiane S.p.A. set up a steering committee (the "231 Steering Committee") whose task is to guide the activities and evaluate the proposals of the 231 Team, set up in 2017 to provide permanent specialised technical support to the parent to update FS Italiane S.p.A.'s 231 model and ensure regular reporting to the CEO, the Supervisory Body and other control bodies.

FS Italiane S.p.A.'s 231 Model (General Part) has been published in Italian and English on the "Ethics, Compliance and Integrity" web page of the company's website. It includes sections on the Code of Ethics, the 231 Model, the ABC system, the antitrust compliance plan and the whistleblowing system. Periodic training is carried out on the model.

The company's anti-corruption and anti-bribery policies and the whistleblowing process

The FS Italiane Group acts with integrity, ethics and zero tolerance for corruption when conducting business. It has upheld these principles for years with the adoption of a group-wide Code of Ethics, the 231 model (which FS Italiane S.p.A. adopted in 2003) and specific guidelines for the prevention of corruption between private parties in the FS Italiane group (group measure no. 172). Furthermore, in 2017, the FS Italiane group signed off the United Nations Global Compact, the tenth principle of which is to "work against corruption in all its forms".

To confirm this commitment, in 2017, the parent FS Italiane S.p.A. voluntarily adopted a unified anti-corruption self-regulation framework, which is structured on the 231 Model and on the ABC system, implementing the anti-corruption policy

¹⁷ Replacing group measure no. 254/AD of 17 May 2018.

¹⁸ Group measure no. 209/P of 9 June 2016 provides that "small" group companies whose organisations are less complex and/or smaller may set up a body with only one member from outside the group and specific expertise in this respect.

¹⁹ Except in fulfilling their duties as part of the Audit Department and/or the board of statutory auditors.

guidelines, which also constitute an integral part of the framework and which contain the directive criteria for the creation of an effective anti-corruption system within FS Italiane S.p.A..

The ABC system refers to corruption in a broad sense, which includes not only directly and indirectly giving and receiving bribes between members of the public administration and with other private parties, but also other illegal acts and misconduct, and, for FS Italiane S.p.A., provides a set of specific prevention tools (standards of conduct and indicators of potential irregularities) for the following processes, considered to be, according to regulations and best practices, the most exposed to corruption risks: "Procurement and contracts", "Assignment of advisory engagements", "Business development initiatives on international markets", "Membership fees, sponsorships, co-marketing, donations and gifts" and "Human resources".

The ABC system is a dynamic process that may therefore be progressively extended to additional risk processes and prevention tools considering, among other things, developments in regulations and best practices, information flows with the various process players, internal controls and monitoring, as well as ABC risk assessment activities.

FS Italiane S.p.A. completed its first ABC risk assessment campaign in the first quarter of 2021. It was carried out using the risk control self-assessment methodology, involving management of all company departments in the analysis of the processes for which they were concerned from an inherent risk perspective (i.e., before the controls) and in the assessment of the existing controls to estimate residual risk. The organisational and governance changes at FS Italiane S.p.A. as from mid-2021 have made it necessary to update the risk assessment, which will be the input for the identification of the enhancement areas of the ABC system.

In 2021, a set of prevention tools was developed for the risk assessment process relating to relationships with the public authorities and important private bodies - identified, before the performance of the ABC risk assessment, based on an integrated analysis of the outcome of the 231 risk assessment and CRO activities, audit reports and best practices - which will be added to the next edition of the ABC system.

To raise awareness about the values that the framework promotes at all levels, the mainly action lines in the ABC system include ongoing communications and training. In 2021, FS Italiane S.p.A. published three in-house capsule training sessions on the following topics, which were determined based on an internal survey: conflicts of interest, contractual operator and the collaborative supervisory agreements with ANAC. These vertical initiatives follow up on the e-learning course (kicked off between the end of 2019 and the start of 2020), which will continue to be delivered to new hires. Furthermore, specific training was also held in collaboration with other FS Italiane S.p.A. units on individual processes.

Moreover, in collaboration with the parent's Audit Department, two workshops on ABC risk assessment and the ABC internal quality review were held for the ABC departments of the subsidiaries. Indeed, the subsidiaries adopt the single anti-corruption framework, tailoring it to their specific organisations and businesses, but still in compliance with the applicable legislative obligations.

The purpose of the internal quality review provided for by the ABC system is to check, every three years and based on interviews and documentary analyses, that the work of the group ABC units complies with the mission and the relevant legislative framework (i.e., the company's ABC system) and that the ABC system management, implementation and improvement process is effective. In 2021, the ABC internal quality review was performed by teams representing a cross section of units, with members from the group's Audit departments, the parent's Anti-corruption unit and the ABC units of the two subsidiaries, leading to - for everything - an assessment of compliance for the areas examined (training and communications, reporting, scheduling and other improvement tools).

With reference to communications, alongside the FS Italiane S.p.A. "Ethics, compliance and integrity" web page - which summarises the objectives, tools and principles of the ABC system in order to convey outside the company its commitment to ethics, lawfulness and integrity and its operations - there is a dedicated intranet page, which was expanded in 2021 with an interactive question and answer section on the ABC system.

The ABC system requires that the competent departments evaluate alleged violations of the Code of Ethics to take the adequate disciplinary measures.

With reference to governance, the ABC system identifies the players, roles and responsibilities for the process of its implementation, development, updating, monitoring and control, along with the related information flows and coordination. The Anti-corruption department, within FS Italiane S.p.A.'s Security & Risk area, is one of the main functions involved. Among other things, it monitors the ABC system²⁰ for the purposes of continuous improvement, supports the process Owner in the identification of risks and the definition of risk prevention tools, and monitors the of the measures of the ABC system and the compliance with such measures.

The group's Code of Ethics has been updated in February 2018, and includes the chance for anyone to report, based on its own good faith, any potentially illegal or irregular event or conduct violating the Code of Ethics through the following channels: email, ordinary post, or other means of communication made available by the company. The confidentiality of the identity of the whistleblower(s) is ensured, as well as their integrity. Moreover, the group applies a zero tolerance policy for retaliation.

In 2021, FS Italiane S.p.A. updated the procedure to manage whistleblowing reports, which it had adopted in 2019 to implement Law no. 179/2017 (the Whistleblowing Law). This procedure governs the reception, analysis and processing of reports (including anonymous reports) sent by third parties or people within the FS Italiane group about events that could constitute crimes, irregularities violations of i) the 231 model and the procedures implementing it and/or the ABC system; ii) the Code of Ethics; iii) laws or regulations or internal rules or the authorities' measures, and/or that could in any case cause damage or harm to the FS Italiane group, even only to its image or reputation. A copy of the procedure was delivered to employees when they were hired. This procedure is published in its entirety on the company intranet and as a summary on the FS Italiane website in the FAQs section.

Since July 2020, FS Italiane S.p.A. has had an active IT platform to manage whistleblowing reports. This is a channel that digitally ensures the whistleblower's confidentiality and adequate information security measures. The platform may be accessed via the company website and intranet (it is in a special section on the Ethics, Compliance and Integrity page).

The table below shows data on total training offered throughout the group on anti-corruption procedures and practices.

| Training on anti-corruption practices and procedures | 2021 | 2020 | 2019 |
|---|---------------|-----------------|------------------|
| man/days | 418.60 | 1,309.14 | 10,367.08 |
| - managers | 45.18 | 70.61 | 57.96 |
| - junior managers | 205.73 | 320.07 | 615.59 |
| - white collars | 167.69 | 746.64 | 4,506.71 |
| - blue collars | - | 171.82 | 5,186.82 |

The information in this paragraph also meets the requirements of article 3.2.f) of Legislative decree no. 254/2016.

Antitrust Compliance Plan

As transport markets in Italy and abroad have progressively opened up to competition, the FS Italiane group companies have faced an increasingly forceful application of antitrust regulations. Compliance with these regulations is a fundamental principle of the group's Code of Ethics.

The FS Italiane group is committed to analysing and raising employees' awareness of antitrust issues and intends to encourage a culture of preventing antitrust risks and, more in general, competition risks, by developing an Antitrust Compliance Plan that reflects changes occurred in the relevant sectors in terms of competition, and the antitrust authorities'

²⁰ The subsidiaries' ABC safeguards are monitored by the ABC units of each subsidiary.

guidelines and best practices. These were summarised in the AGCM (Italian antitrust authority) guidelines for antitrust compliance formalised with resolution no. 27356 of 25 September 2018.

The group's Antitrust Compliance Plan comprises a set of rules, standards of conduct and activities that are binding for all group companies, which must implement them with their own structures and adopt their own organisational communications in this regard.

In the scope of this plan, the FS Italiane group issued its Antitrust policy which, among other things, established the body responsible for executing the plan. Following the changes to the internal organisational structures as per organisational measures nos. 150/COA and 153/LEG-COA of 8 October 2021, this body - tasked with adopting, in accordance with the individual group companies' antitrust officers, all initiatives to ensure that the plan is properly implemented and updated over time to changing circumstances - now consists of the head of the Compliance unit (Legal Affairs) and the head of the Antitrust unit (Corporate Affairs - Regulatory and Antitrust Affairs).

The antitrust compliance handbook is an integral part of the plan. It describes the limits set by national and European antitrust regulations and outlines the rules of conduct that each group employee must observe in order to ensure full compliance. The handbook is completed with an antitrust Code of Ethics, consisting of an operating manual that simply and clearly lists the main rules of conduct for significant antitrust initiatives, during investigations by an antitrust authority and in the management of competitive procedures as contracting party.

The group's main companies are setting up specific compliance tools, like additional antitrust risk prevention safeguards associated with the particular nature of their businesses (e.g., Trenitalia's and its subsidiaries' antitrust compliance tools: "Big Data" guidelines and "Discounts and purchase obligations" guidelines; RFI: "Non-discrimination obligation guidelines") to integrate the group's antitrust compliance tools (i.e., the Antitrust Compliance Handbook and the Antitrust Code of Conduct) in line with the provisions of the programme's general framework,. These additional compliance tools identify the areas requiring more attention for each company, setting out the rules of conduct to follow in order to ensure antitrust compliance and fair competition in their specific areas of operations.

Related parties

FS Italiane S.p.A.'s Manager in charge of the Company's accounting documents preparation has issued a group-level administrative/accounting procedure for related parties transactions which must be disclosed in the Financial Statements. This procedure, along with the other corporate procedures that were subsequently issued in line with the parent's guidelines, also clarify that all transactions with FS Italiane S.p.A.'s and its subsidiaries' related parties must be carried out consistently with substantial and procedural correctness criteria. Furthermore, all the related parties' transactions must establish the transfer pricing methods and explicitly evaluate the fairness of transfer prices with respect to market prices for similar transactions, or, otherwise, they must explicitly state how the terms of the transaction differ from market conditions (with justification for such difference). The procedures also state that intragroup transactions must be carried out based on mutual cost effectiveness and the conditions applied must be defined considering the common objective of creating value for the entire FS Italiane group.

Each FS Italiane group company's key managers, directors, standing statutory auditors and members of the internal control bodies periodically state, through a representation system defined in formal procedures, whether they have directly or indirectly carried out transactions with the company for which they work and/or its subsidiaries, and whether such transactions were performed on an arm's length basis.

Other committees ²¹

In terms of its internal organisational profile, FS Italiane S.p.A.'s CEO has set up other committees to steer and support senior management. Their members are appointed on a pro tempore basis from certain company departments.

The Ethics Committee, set up with Group Measure no. 50/AD of 30 January 2006 and updated in its composition with Group Organisational Notice no. 75/AD of 14 December 2021, carries out advisory activities and sets guidelines within the framework of the principles and rules of the FS Italiane group's Code of Ethics. The Committee is responsible for clarifying, through advisory opinions, the interpretation and application of the Code of Ethics, examining the information that it receives, via defined communication channels, and promoting the most appropriate checks that are consistent with the corporate provisions. It ensures total confidentiality to the whistleblower, using information and documentation management criteria and methods adequate to safeguard their identity and honourableness, except for legal regulations. The Committee also supports relevant company structures in defining personnel communication and/or training initiatives on the Code of Ethics or its updates. It examines any need to modify/integrate the group's Code of Ethics upon proposal of the Ethics Committees of the group companies. It coordinates and maintains information flows with the company's supervisory body, appointed pursuant to Legislative decree no. 231/2001 for the aspects of mutual interest. It regularly informs the Board of Directors of the relevant company on the activities carried out with special attention to the management of the information received.

The Group Information and IT System Security Committee, set with Group Measure no. 168/AD of 25 November 2013 and updated in its composition with Group Measure no. 238/AD of 9 October 2017, is an intragroup advisory body that monitors information and IT system initiatives, in accordance with group measure no. 167/AD of 25 November 2013. In particular, the committee steers the FS Italiane group's information security strategies, formulates proposals to group companies for the mapping of critical business processes in terms of emerging risks inherent to the use and management of information resources, monitors IT projects and assesses and approves proposals concerning the regulation of information and IT system security evaluations and certification.

The SoD (Segregation of Duties) Committee, which was set up with Group Measure no. 184/AD of 22 December 2014 and was updated with Group Measure no. 188/AD of 23 January 2015, carries out advisory activities and provides guidance on the segregation of duties. FS Italiane S.p.A.'s SoD Committee is responsible for defining, validating and overseeing the group's SoD risk matrix. In addition, this committee is responsible for analysing and monitoring the implementation of the appropriate remediation actions to take in the management/resolution of SoD risks that are detected throughout many group companies' staff processes.

FS Italiane group's Equal Opportunities Committee is a bilateral, joint body established pursuant to the national labour agreement for the mobility sector/railway sector and FS Italiane group's employment contract. The purpose of this committee is to promote initiatives and positive actions to offer female workers organisational conditions and a distribution of duties that are more favourable, with a view to facilitating the achievement of a work/family balance. It consists of a national committee and 15 local committees.

The Credit Committee, set up with Group Measure no. 210/AD of 23 June 2016 and updated in its composition with Group Organisational Notice no. 13/AD of 5 October 2018, is responsible for monitoring the performance of group loans and receivables, highlighting any critical areas and promoting the necessary corrective action, while also assessing consolidated exposure to each counterparty and any possibility of offsetting amounts.

²¹ The committees listed below are all currently undergoing a critical analysis of their mission to identify which committees, despite still formally existing on the basis of the organisational measures under which they were established, are no longer operating because they are no longer relevant or their operations have been suspended (e.g., the Group Investments Committee), pending the definition of the new governance structure and the parent's consequent role as a holding company, upon completion of FS Italiane S.p.A.'s and the group's business and strategic plan. These committees will then either be maintained, recreated with different roles and duties or merged into others.

The *Sustainability Committee* was set up with Group Measure no. 211/AD of 1 July 2016 and updated in its composition and duties with Group Organisational Notice no. 76/AD of 15 December 2021, to ensure the integration of social and environmental aspects in the group's economic/financial strategies and promote the values and principles of sustainable development to create value for all stakeholders. The committee acts as an advisory board for the CEO, in his capacity as chairman of the Sustainability Committee, for the integration of social and environmental aspects within group strategies and the identification of the group's strategic ambition, corporate values and sustainability principles. The committee also sets out the group vision and related commitments for each level of sustainability for the final approval by the Board of Directors and identifies the methods to communicate with stakeholders and engage them, as well as the methods to share results and actions to undertake. Furthermore, the committee supports the Board evaluating the effects of strategic investment decisions in social and environmental terms and the related risks that may impact group performance, together with the relevant departments, ensuring alignment and synergies with other committees promoting sustainability. Another task assigned to the committee is the analysis and evaluation of the group materiality matrix and the gap analysis to submit to the CEO for the final approval of the Board of Directors. The committee also prepares the group sustainability policy to submit to the CEO for the final approval of the Board of Directors and defines the proposal of group sustainability goals and targets in the medium/long term to submit to the CEO for the final approval of the Board of Directors. It analyses and evaluates any strategic initiatives supporting the companies; evaluates the group's sustainability performance and the contents of the sustainability report and provides instructions and policies to plan improvement steps. FS Italiane S.p.A.'s Risk management & climate resilience Officer reports to the Sustainability Committee on the transition plan for initiatives to prepare for the risks of climate change.

The *231 Steering Committee*, set up, as mentioned above, with Group Organisational Notice no. 536/AD of 28 February 2018, is responsible for steering the work of the 231 team, assessing its proposals and guaranteeing regular reporting to the CEO, the supervisory body and other control bodies.

The *Green Bond Working Committee*, set up with Group Organisational Notice no. 2/DCRUO of 27 March 2018 and its composition and duties were updated with Group Organisational Notice no. 27/DCRUO of 26 June 2019. It is responsible for implementing, maintaining and updating, if necessary, the Green Bond Framework, and specifically the identified and assessed activities of the Eligible Green Project, which includes discussion with the parties involved in the analysis of projects' greenness and the implementation of reporting procedures and the management of the proceeds from issues. It also monitors that the individual projects continue to meet the green bond financing eligibility criteria under the Green Bond Framework and assesses the potential identification of new eligible projects.

The *Protection Against Violence Committee* was set up with Organisational Notice no. 538/AD of 10 May 2018 with the task of ensuring legal assistance for employees who decide to take legal action having been victims of violence - including violence of a verbal and/or indirect nature via any type of communication channels - by parties external to the FS Italiane group, both known and unknown, when carrying out their work and/or in any case in relation thereto, i.e., stepping in to protect FS Italiane group assets or its employees, or people in railway or other group premises in general.

The *Foreign Crisis Management Committee* was set up with Group Measure no. 277/AD of 24 October 2019 and, if necessary, is deployed by FS Italiane S.p.A.'s operating Travel Security Team. It works in collaboration with a specialised provider and the competent institutions.

Italy's joint committee on training for the FS Italiane group/Pilot committee was set up with Group Measure no. 164/AD of 14 May 2013 and is responsible for steering and supporting group-funded training activities and subsequently assessing them, in addition to linking them at the interconfederation and trade sector level. The Commission also serves as a "Pilot committee" whose main responsibilities include: approving intragroup and/or individual company training plans to submit to Fondimpresa on behalf of the trade unions; monitoring their performance and checking the success of completed initiatives; drafting and signing memoranda of understanding to obtain loans and borrowings.

The *Sponsorships and Partnerships Committee* was set up with Group Organisational Notice no. 78/AD of 26 January 2022. It is responsible for assessing communication and/or marketing sponsorships and partnerships proposed by the company units and group companies to ascertain whether they are consistent with the group's strategies and communication objectives and that their returns are adequate in terms of image and the promotion of the products and services of FS Italiane S.p.A. and/or the requesting group companies and to approve the proposed sponsorships and partnerships.

Protection of human rights

The FS Italiane group promotes the protection of human rights among its employees, customers, citizens, suppliers and business partners, thus helping to create a responsible chain according to with the United Nations Universal Declaration of Human Rights and the International Labour Organization fundamental conventions.

Among the most relevant principles of the sustainability policy (issued in 2019) on which the group's actions are based, respect for human rights and the commitment to creating a responsible chain stand out. This commitment was confirmed in the Code of Ethics (which guides the group in its relationships with stakeholders). To strengthen the commitments already taken at group level, the operating companies are preparing their own sustainability policies, identifying respect and human right protection as pillars of their business models both, in Italy and abroad. Furthermore, the group promotes open and inclusive workplaces, against any discrimination or harmful behaviour, and prevents any form of irregular work and encourages policies that are supportive of personnel's well-being.

In 2017, the group joined the United Nations Global Compact, undertaking to comply with the 10 human rights, labour, environmental and anti-corruption principles and integrate them in its business. These principles integrate and reinforce the group principles previously established in the group's sustainability policy, the Code of Ethics, the 231 model and the anti-corruption policy and anti-bribery and corruption management system guidelines. In particular, by signing the Global Compact, the group has formally undertaken to:

- uphold and comply with international human rights provisions;
- ensure that it is not complicit in human rights abuses.

The group maintains its commitment to prevent human rights violations of any kind through:

- the use of standard and specific contractual human rights²² clauses in agreements signed with suppliers (including the requirement that suppliers sign the group's Code of Ethics), and including a scoring criterion that rewards suppliers for their sustainability²³;
- the pursuit of better methods for supply chain management thanks to the participation in the Railponsible works, an initiative that brings together major railway companies and the group's commitment in the preparation of the "Sustainable procurement management guidelines" to integrate the more recent national and international sustainability standards - including human rights - in the procurement of goods, service and labour;
- rights protection for passengers with disabilities and reduced mobility. The group offers an assistance service at 322 stations for passengers with physical, sensory or motor disabilities that temporarily or permanently affect their mobility, ensuring their right to move around easily. The service is organised by the Sala Blu centres at 14 of Italy's main stations and the new national Sala Blu created in response to the public health emergency. Training was provided to all Sala Blu staff in 2021 to upgrade their skills and launch a new operating dashboard to support the process of providing assistance to passengers with disabilities and reduced mobility;

²² In regards of the awarding of contracts and the concessions of works and services in particular, the FS Italiane group applies "social clauses", i.e., provisions that oblige to comply with certain social and labour protection standards in order to promote employment stability.

²³ RFI S.p.A. has had a scoring criterion in tenders since the second half of 2017, which includes the respect for human rights (prevention of child and forced labour, anti-discrimination and support for the fundamental human rights); this inspired the "Supply Chain Sustainable Management" project to improve the sustainability of FS Italiane group's suppliers. Reference should be made to the section on "The commitment to sustainable development – Sustainable supply chain" for additional details.

- rights protection of disadvantaged people who seek shelter at railway stations. For several years, the group has conducted a solidarity project in collaboration with local bodies and social organisations/community groups by loaning spaces inside or near railway stations for free use to associations and bodies that relieve marginalisation and social distress²⁴.

²⁴ Reference should be made to the Commitment to sustainable development - Commitment to the community paragraph for further information.

The group's financial position and performance

Introduction

For the purposes of describing its financial position and performance, the group has prepared reclassified financial statements (presented on the next pages) in addition to those required by the IFRS adopted by the FS Italiane group. The reclassified financial statements comprise performance indicators that management has considered useful during the year in monitoring the group's performance and in presenting the financial results of the business. The methods used to calculate these indicators are also explained in the analysis below to give a better understanding of the group's financial position and performance in 2021 and are those described in the previous "Key and Glossary" section.

Reclassified income statement

| | millions of Euros | | | |
|---|-------------------|----------------|----------------|-------------|
| | 2021 | 2020 | Change | % |
| REVENUE | 12,154 | 10,837 | 1,317 | 12 |
| Revenue from sales and services | 11,747 | 10,482 | 1,265 | 12 |
| Other income | 407 | 355 | 52 | 15 |
| OPERATING COSTS | (10,266) | (9,204) | (1,062) | (12) |
| GROSS OPERATING PROFIT | 1,888 | 1,633 | 255 | 16 |
| Amortisation, depreciation, provisions and impairment losses | (1,695) | (1,911) | 216 | 11 |
| OPERATING PROFIT (LOSS) | 193 | (278) | 471 | 169 |
| Net financial income (expense) | 14 | (283) | 297 | 105 |
| PRE-TAX PROFIT (LOSS) | 207 | (561) | 768 | 137 |
| Income taxes | (14) | (1) | (13) | >200 |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS | 193 | (562) | 755 | 134 |
| Profit (loss) from assets held for sale, net of taxes | | | | |
| PROFIT (LOSS) FOR THE YEAR | 193 | (562) | 755 | 134 |
| <i>PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT</i> | <i>194</i> | <i>(570)</i> | <i>764</i> | <i>134</i> |
| <i>(PROFIT) LOSS FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</i> | <i>(1)</i> | <i>8</i> | <i>(9)</i> | <i>112</i> |

The group returned to a profit-making position in 2021 with a **profit** of €193 million (+134%) after the large loss of €562 million for the previous year, mostly caused by the Covid-19 pandemic.

Both years have been heavily impacted by a number of external events such as:

- grants received to cover the loss of revenue in both years;
- the positive effects of the Transport Authority (ART) decision no. 88/2021 on revenue from infrastructure in 2021;
- the effects on costs and revenue of the 2020 sale of the investment in Sitaf, the operator of the A32 Motorway and the Frejus Tunnel, indirectly controlled via Anas S.p.A. up until the end of October 2020 and, therefore, consolidated on a line-by-line basis until that date (it is now recognised as an associate);
- the release of the provisions for the renewal of the national labour agreement for 2020;
- the sale of the Tuscany business unit in 2021, as on 1 November 2021, Autolinee Toscane S.p.A. took over the service following the Council of State's ruling no. 47719/2021 of 21 June 2021 after acquiring the personnel and assets of Busitalia Sita Nord S.r.l., Ataf Gestioni S.r.l. and its consortium companies.

The following table shows the revenue, operating costs and gross operating profit adjusted for the above events.

millions of Euros

| | 2021 adjusted | 2020 adjusted | Change | % |
|-------------------------------|------------------|------------------|--------------|-------------|
| REVENUE | 11,147 | 9,586 | 1,561 | 16 |
| OPERATING COSTS | (10,266) | (9,284) | (982) | (11) |
| GROSS OPERATING PROFIT | 881 | 302 | 579 | 192 |

The main captions contributing to the profit for the year attributable to the owners of the parent are analysed below.

The **gross operating profit** amounts to €1,888 million and is up by approximately €255 million or 16%. Excluding the effects of the above non-recurring events and transactions, the increase would be €579 million, an even greater positive percentage rise (+192%).

Revenue increased by €1,317 million (+12%) as a result of the rise in revenue from transport services (€730 million) and revenue from infrastructure services (€532 million) offset by the reduction in other revenue from contracts with customers (€14 million). On the other hand, other revenue and income increased by €69 million during the year.

Specifically, with respect to the components of **revenue from transport services** (+€730 million):

- revenue from the long-haul railway passenger transport services increased by €267 million, both with respect to the market component (+€200 million) and the universal service component (+€67 million).

With respect to the market component, the upturn in demand seen by the group's main passenger transport operator accounted for 20.7% of the total, bolstered by the 5% increase in saleable seats per km, even considering the staggered seating on trains required to maintain the necessary social distancing, which was 50% until August, 75% from 1 September and 80% from November. Therefore, revenue continues to be affected by Covid-19 albeit to different extents during the year.

Revenue from the universal services showed a 34.1% increase in demand and a 30.9% increase in saleable seats per km, despite the above-mentioned difficulties caused by the staggered seating. The universal service contract consideration was substantially unchanged from the previous year (+ approximately €3 million; +0.9%);

- revenue from regional railway passenger transport services increased by €428 million, due to the uptick in both domestic services (+€342 million) and international services (+€86 million). The €128 million increase in revenue from domestic passenger transport services was driven by the easing and subsequent lifting of the restrictions on travel introduced by the competent authorities to contain the spread of Covid-19; the remainder of the increase relates to revenue from public service contracts (+€214 million). This large increase is mostly due to the performance of the service contracts agreed by Trenitalia S.p.A. with the individual regions, including the estimate of the consideration necessary for the contracts to break even, considering the grants expected to be received for the regional public transport sector. No reduction in consideration occurred thanks partly to article 29.3-bis of Decree law no. 41 of 22 March 2021, which extended the non-application of consideration curtailments or sanctions/penalties for LPT (local public transport) and regional transport services until the end of the state of emergency and, in any case, no later than 31 July 2021. This period was extended to 31 March 2022 with the conversion of Decree law no. 221 of 24 December 2021 into Law no. 11 of 18 February 2022.

With respect to revenue from international passenger transport services (+€86 million), all the markets in which the group has a foothold performed positively (German market: +€73 million; Dutch market: +€9 million; Greek market: +€4 million), mostly as a result of the steady lifting of the restrictions introduced by governments to curb the spread of Covid-19;

- revenue from passenger road transport decreased by €2 million in the year, while sea freight transport increased by €4 million;

- revenue from railway freight transport increased by €33 million, as a result of the gradual uptick in traffic during the year.

Revenue from infrastructure services rose by €532 million on the previous year, mainly attributable to Anas S.p.A. (for approximately €580 million), reflecting the trend in service and concession consideration linked to road traffic, and RFI S.p.A., which recorded an increase in toll revenue of €53 million: €20 million for the higher traffic volumes in terms of train-km and €33 million as the net effect of the higher revenue recognised under ART decision no. 88/2021 (recovery of the fees) to access HS/HC infrastructure in the period from 6 November 2014 to 31 December 2015) and the smaller revenue recognised as a result of ART decision no. 175/2021 (adjustments under the open access regime).

Other revenue from contracts with customers decreased by €14 million and mainly reflects higher revenue from sales of electrical energy for traction (+€62 million), due to higher train-km as well as the hike in energy prices; higher revenue from other services provided to railway companies (+€20 million) and greater sales of land and buildings held for trading (+€12 million), offset by the smaller revenue from the Riyadh metro contract (-€42 million) due to the redefinition of the assumptions underlying the project (mostly the additional costs and contingencies linked to the Covid-19 pandemic). Revenue from contract work in progress decreased by €66 million.

Other revenue from sales and services increased by €18 million, mostly due to the larger amount of grants received (+€15 million), while **Other income** jumped €52 million at consolidated level, principally as a result of the recognition of higher sanctions and gains.

In 2021, the group received **Covid-19 grants** of €958 million compared to €1,054 million in 2020. The 2021 grants mostly related to the long-haul market business, which received €460 million in 2021 (€323 million in 2020); the railway and road LPT business (domestic and international), which received grants of €215 million (€361 million in 2020); and the infrastructure business, which received €281 million (€370 million in 2020), including the effect of the toll discount applied to the third party railway companies.

Operating costs came to €10,266 million for the year, up €1,062 million (+12%) on 2020, chiefly due to:

- the €332 million increase in personnel expense; the most significant variations were seen in "Wages and salaries" (+€251 million) due to the rise in the fixed and variable remuneration components linked to the resumption of business activities, and "Accruals/releases" (+€110 million);
- the increase of €730 million in other costs, net as a result of industrial factors. Specifically, the increase mainly relates to the cost of raw materials, consumables, supplies and goods, which increased by €304 million (mostly due to the above-mentioned higher energy prices and the greater consumption of materials); and service costs, up €618 million, mainly related to the new works and non-routine maintenance of roads and motorways, directly linked to the higher revenue from infrastructure; offset by capitalisations, which increased by €217 million and related to work performed on infrastructure, maintenance to upgrade rolling stock at the group's workshops and technological upgrades.

The **operating profit** of €193 million shows an improvement of €471 million (+169%) on the loss of €278 million for the previous year.

Amortisation and depreciation amount to approximately €20 million, net of the Sitaf transaction, and were affected by the changed rates for railway infrastructure due to the increase in the train-km parameter following the upturn in traffic on the railway network.

Net impairment losses decreased by €79 million, mostly as a result of the smaller impairment losses recognised on buildings, plant and machinery (-€26 million) and on financial assets in accordance with IFRS 9, which led to the recognition of a smaller net loss (€37 million), and the effect of the impairment loss recognised in 2020 by Trenitalia c2c due to the non-recognition of financial assets by the Department of Transport (-€9 million).

Accruals of €0 million amounted to €127 million in 2020, mostly due to the adjustment of the Bilateral fund for income assistance, set up for proactive income and employment assistance, to cover extraordinary benefits to be paid in future years.

Net financial income amounts to €14 million showing an increase of €297 million (€254 million net of the Sitaf transaction) compared to the previous year.

Financial income increased by €61 million, mostly due to the discounting of the Covid-19 grants recognised in 2020 for the passenger service and collected from the Ministry of Sustainable Infrastructure and Mobility (MIMS) in 2021 (€23 million) and the Covid-19 grants recognised in 2020 by the road infrastructure operator (€12 million); the recognition of interest income accruing since 1995 on the amount due from the Basilicata region, which was recognised in 2021 following the final court decision against the region (€12 million); and the monetary revaluation of the fee) to access the HS/HC infrastructure recalculated with ART decision no. 88/2021 (€11 million). Financial expense decreased (the effect of the Sitaf transaction was €43 million), mostly as a result of the smaller impairment losses on the amount due from the operator Strada dei Parchi (-€156 million) and smaller exchange losses (-€25 million). The share of profits of equity-accounted investees increased by €9 million to €32 million from €23 million for 2020.

Income taxes increased from €1 million in 2020 to €14 million for 2021. Net of the change in the consolidation scope, they would have increased by €22 million, principally due to the smaller release of net deferred taxes (+€25 million), partly offset by the smaller IRES (corporate income tax) taxes recognised for the year (-€4 million).

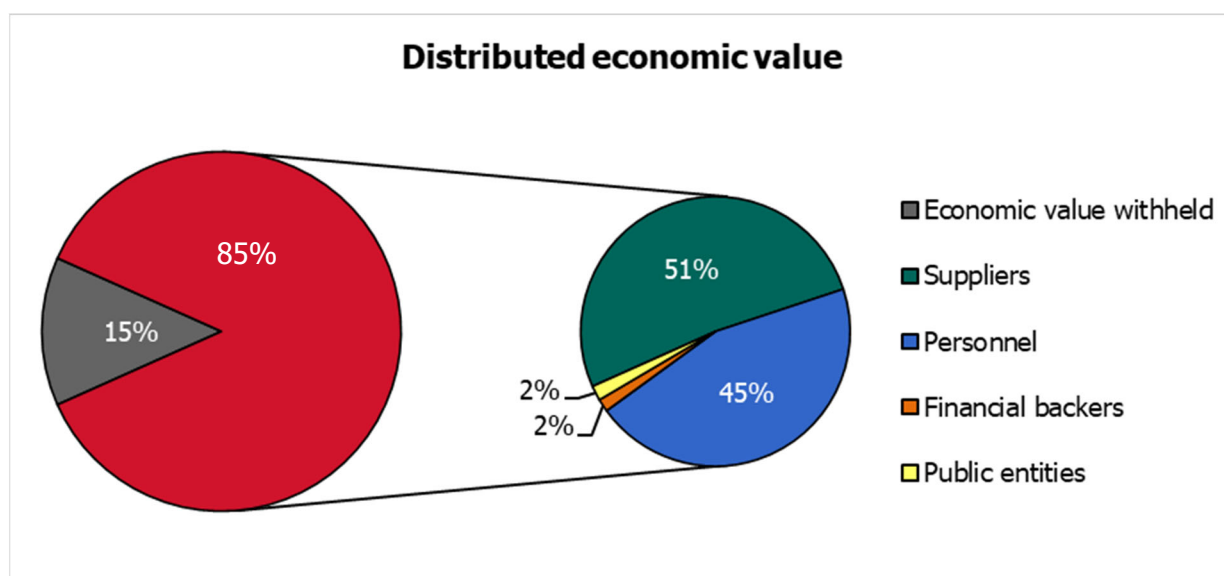
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In addition to the above observations and pursuant to Legislative decree no. 254/2016, the following table shows the directly generated economic value and that distributed by the FS Italiane group, highlighting its redistribution to stakeholders. Although 2021 was a year thrown out of kilter by the pandemic, the group continues to believe in the absolute importance of a balanced distribution of the value generated by its operations to its stakeholders, value that they directly or indirectly contributed to creating. The analysis of the economic value distributed shows the flows allocated to employees, providers of goods, services and capital, the public administration and the communities in which the group is present and operates.

millions of Euros

| Directly generated and distributed economic value | 2021 | | 2020 | | 2019 | |
|---|---------------|-------------|---------------|-------------|---------------|-------------|
| Directly generated economic value | 12,328 | 100% | 10,941 | 100% | 12,524 | 100% |
| Revenue from sales and services | 11,747 | | 10,482 | | 12,011 | |
| Other sundry income | 581 | | 459 | | 513 | |
| Distributed economic value | 10,444 | 85% | 9,621 | 88% | 10,190 | 81% |
| Operating costs for materials and services | 5,336 | | 4,661 | | 4,801 | |
| Personnel expense | 4,764 | | 4,432 | | 4,945 | |
| Payments to financial backers | 160 | | 387 | | 286 | |
| Payments to public bodies | 184 | | 141 | | 158 | |

| | | | | | | |
|--|--------------|------------|--------------|------------|--------------|------------|
| Economic value retained | 1,884 | 15% | 1,320 | 12% | 2,334 | 19% |
| Amortisation, depreciation, provisions and impairment losses | 1,695 | | 1,911 | | 1,780 | |
| Other sundry costs and taxes | (4) | | (29) | | (30) | |
| Profit (loss) for the year | 193 | | (562) | | 584 | |



The value not directly distributed by the group (nearly €2 billion in 2021) is equal to 15% of the total generated value, compared to 12% in 2020 (€1.3 billion). The trend is substantially similar for self-financed investments, which the group uses indirectly to increase the benefits to the community and stakeholders in general.

Indeed, the FS Italiane group has generated an economic impact equal to roughly 1.6% of national value added and the equivalent of over 290 thousand jobs²⁵ through its direct, indirect and induced contribution to the domestic economy with its operations and increasing investments.

²⁵ The methodology used to calculate the group's impact on the economy and employment is based on the national Supply & Use table (SUT) developed by the group with the Istituto Regione di Programmazione Economica della Toscana (I.R.P.E.T., the Tuscany regional economic planning institute). It adopts the hypothetical extraction method (HEM), updated to reflect the group's specific characteristics.

Reclassified statement of financial position

millions of Euros

| | 31.12.2021 | 31.12.2020 | Change |
|---------------------------------------|---------------|---------------|--------------|
| ASSETS | | | |
| Net operating working capital | (110) | 107 | (217) |
| Other assets, net | 2,331 | 2,636 | (305) |
| Working capital | 2,221 | 2,743 | (522) |
| Net non-current assets | 52,251 | 51,698 | 553 |
| Other provisions | (4,051) | (4,125) | 74 |
| Net assets held for sale | 16 | | 16 |
| NET INVESTED CAPITAL | 50,437 | 50,316 | 121 |
| COVERAGE | | | |
| Net current financial (position) debt | (352) | 1,106 | (1,458) |
| Net non-current financial debt | 9,239 | 7,787 | 1,452 |
| Net financial debt | 8,887 | 8,893 | (6) |
| Equity | 41,550 | 41,423 | 127 |
| COVERAGE | 50,437 | 50,316 | 121 |

The group's **net invested capital** of €50,437 million increased by €121 million due to the rise in **net non-current assets** (+€553 million), the recognition of **net assets held for sale** (+€16 million) and the decrease in **other provisions** (+€74 million), offset by the reduction in **working capital** (-€522 million).

Net operating working capital amounts to -€110 million, down by €217 million on the previous year and is the combined effect of the following main trends:

- larger amounts due from trading partners (customers and suppliers) of €495 million, mostly due to:
 - the increase in advances to suppliers (+€209 million), mainly related to those provided under article 207.2 of Decree law no. 34/2020 (Urgent measures to support healthcare, employment and the economy and social policies related to the Covid-19 epidemiological emergency - Urgent provisions for the liquidity of contractors);
 - the rise in revenue from tolls following the resumption of railway traffic (+€86 million) and the effects of ART decision no. 88/2021 (+€42 million);
 - the increase in amounts for motorway tolls and the concession consideration due to the upturn in motorway traffic compared to the previous year (+€51 million);
 - the higher amounts due from group companies, mostly related to the lease of rolling stock, the related payments for which were made early in 2022 (+€82 million);
- higher trade payables (-€848 million), chiefly related to the greater volume of works performed during the year on railway and road and motorway network investment projects (railway: -€431 million and road and motorway: -€123 million) and the increase in transport services as the commercial offer resumed compared to the previous year, which had been heavily affected by the Covid-19 restrictions (-€302 million);
- smaller inventories and contract assets (-€52 million), principally due to lower levels of raw materials and consumables (-€47 million) as a result of the greater consumption of raw materials compared to those purchased during the year and the

adjustment of the allowance for inventory write-down for obsolete materials that could no longer be used for maintenance and spare parts and components, especially those of Trenitalia S.p.A., which undertook a significant disposal/scraping project;

- greater amounts due for the service contracts with the regions (+€132 million) and the Ministry of Economy and Finance (MEF) (+€59 million) for consideration accrued during the year and not yet collected.

Other assets, net amount to €2,331 million, showing a decrease of €305 million, which is substantially the combined effect of:

- lower net amounts from the MEF, Ministry for Infrastructure and Transport (MIT) and other government authorities (-€304 million), resulting from the recognition of the new government grants on an accruals basis (the grants mostly related to relief provided by the government in response to the Covid-19 emergency) and collections in the year, net of the change in payments on account allocated to projects that have commenced;
- the increase in net VAT assets (+€17 million);
- the increase in deferred tax assets (+€5 million);
- smaller other liabilities and assets, net (-€23 million), mostly as a result of the increase in amounts due from CSEA (energy, gas and water settlement fund) and the decrease in amounts due to Anas S.p.A. from the government to cover highly probable disputes related to works financed with grants where the risk of extra costs is not borne by Anas S.p.A., unlike works financed by consideration.

Net non-current assets of €52,251 million increased by €553 million, substantially due to:

- the €9,976 million increase in the year, offset by the recognition of grants related to assets on an accruals basis (€7,654 million) and amortisation and depreciation of the year (€1,595 million);
- sales of €62 million, mostly related to the transfers to Autolinee Toscane S.p.A. after the award of the Tuscany call for tenders;
- impairment losses of €87 million, principally on land and buildings no longer usable in production (€53 million), rolling stock that can no longer be used for passenger transport (€9 million) and assets of the subsidiary Qbuzz BV (€14 million);
- the impairment losses recognised on equity-accounted investees (-€14 million) as the net effect of the profits achieved in 2021 (€26 million) and the impairment of the investment in Ferrovie Nord Milano S.p.A. (FNM) following the acquisition of a controlling stake in Milano Serravalle - Milano Tangenziali S.p.A., accounted for as under common control (-€40 million);
- the reclassification of mainly Netinera group assets to assets held for sale (-€14 million) (more information is provided later in this report).

Other provisions are down by €74 million due to the €42 million decrease in post-employment benefits and other employee benefits, mainly following the payments to outgoing personnel during the year and advances paid, and the €32 million decrease in other provisions for risks, the accruals of €475 million made during the year, offset by utilisations of €211 million following the settlement of disputes, and the release of €300 million from the provisions for risks, mainly for the disputes between Anas S.p.A. and the state.

Net assets held for sale amount to €16 million and mostly consist of the railway infrastructure of OHE AG in Lower Saxony and Sippel's headquarters in Hofheim, near Frankfurt, for which a sales agreement has been signed to become effective in 2022.

Net financial debt of €8,887 million decreased by an immaterial €6 million on 31 December 2020, essentially the net effect of the following factors:

- the increase in the cash pooling balance (-€495 million), which comprises the payments made by the MEF in accordance with the Programme Contract for railway infrastructure;
- the decrease in the amount due from the MEF (€504 million) due to collections of the year;
- the net decrease in bank loans and borrowings (-€741 million), mainly due to the reduction in short-term funding, the decrease in the current account overdrafts and repayment of loans used to purchase rolling stock for the medium and long-haul transport and regional transport, offset by the new loans taken out from Unicredit and Intesa Sanpaolo and the greater use of factoring;
- the increase in bonds (+€981 million), substantially due to the subscription of new bonds as part of the Euro Medium Term Notes Programme with a nominal amount of €1,000 thousand to meet the group's cash requirements, new private bond placements with Eurofima SA with a nominal amount of €250 million, and the new private bond placement with the European Investment Bank with a nominal amount of €350 million offset by redemptions of €613 million for the second and part of the fourteenth bond issue placed under the Euro Medium Term Notes Programme;
- the decrease in loans and borrowings from other financial backers (-€130 million), substantially due to the repayment of the loans with Cassa Depositi e Prestiti taken out to finance railway infrastructure (the conventional and high-speed networks);
- the increase in contract advances (+€103 million) due to the portion of grants already collected by Anas S.p.A. for work not yet completed;
- the decrease in financial assets for service concession arrangements (+€150 million), which was the net effect of the increase in assets due in connection with production output on the infrastructure operated under concession arrangements and mainly referring to roads, and the decrease due to collections of refunds in the period from the Ministries or authorities;
- the decrease in lease liabilities (-€51 million) as the net effect of the registration of leases, repayments and the measurement of liabilities in the year;
- the net increase in the balance of other financial assets and liabilities (-€327 million) mainly due to the rise in cash and cash equivalents following the collection of additional grants provided by the European Commission.

Equity increased by €127 million from €41,423 million to €41,550 million mainly as a result of the following:

- the increase in the profit for the year (+€193 million);
- the decrease in valuation reserves (-€22 million);
- the decrease, mostly as a result of the acquisition of a controlling investment in Milano Serravalle - Milano Tangenziali S.p.A. by FNM S.p.A. (-€40 million);
- the net decrease of €7 million in the balance of derivatives.

Reconciliation as at 31 December 2021 and 2020

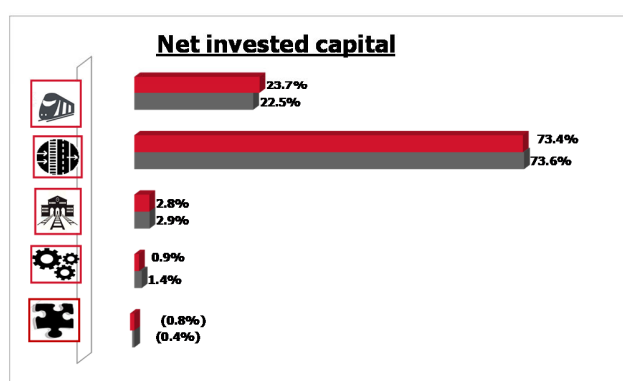
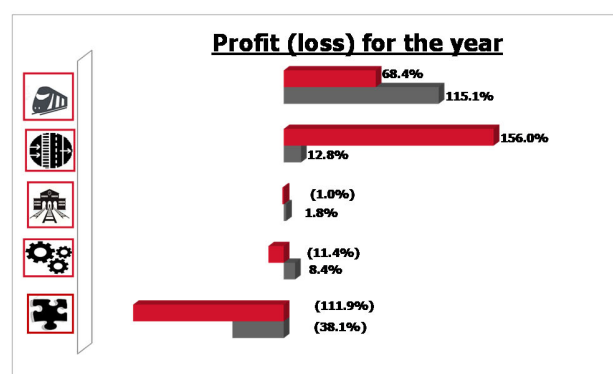
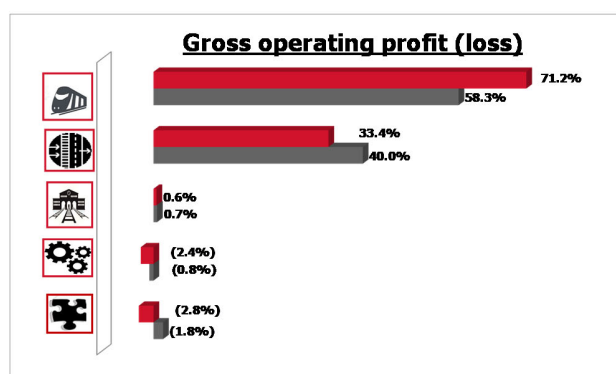
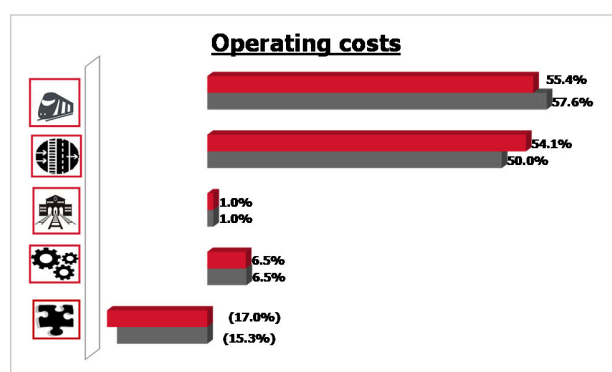
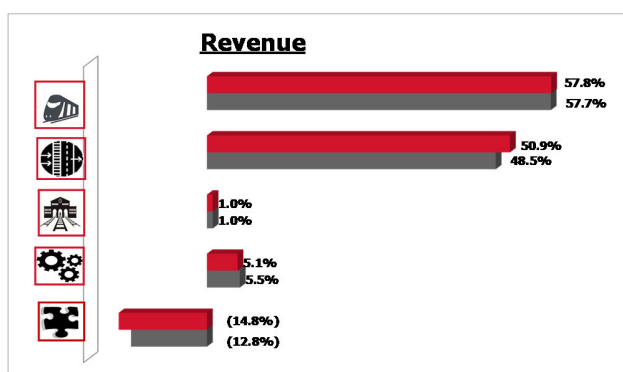
Reconciliation as at 31 December 2021 and 2020 and for the years then ended between profit (loss) for the year and equity in the separate financial statements of FS Italiane S.p.A. and the consolidated financial statements.

millions of Euros

| | 31 December 2021 | | 31 December 2020 | |
|---|------------------|----------------------------------|------------------|----------------------------------|
| | Equity | Profit (loss) for the year | Equity | Profit (loss) for the year |
| Separate financial statements of FS S.p.A. | 39,900 | 0 | 39,900 | 41 |
| Profits (losses) of consolidated investees since acquisition, net of dividends and impairment losses: | | | | |
| - portion of current and previous profits attributable to the owners of the parent | 2,320 | 305 | 2,032 | (739) |
| - elimination of impairment losses on equity investments | 312 | 54 | 305 | 131 |
| - reversal of dividends | (4) | (77) | (4) | (140) |
| Total | 2,628 | 282 | 2,333 | (748) |
| Other consolidation adjustments: | | | | |
| - equity accounting of investments in unconsolidated subsidiaries and associates | 76 | 30 | 97 | 19 |
| - reversal of intragroup profits | (775) | (108) | (667) | (67) |
| - reversal of taxes arising on tax consolidation | (82) | (11) | (71) | (18) |
| - other | 68 | 1 | 63 | 203 |
| Total | (713) | (88) | (578) | 137 |
| - Valuation reserves | (423) | | (413) | |
| - Translation reserve | (7) | | 5 | |
| EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT | 41,385 | 194 | 41,247 | (570) |
| - Equity attributable to non-controlling interests (excluding profit (loss) for the year) | 162 | | 154 | |
| - Profit attributable to non-controlling interests | (1) | (1) | 8 | 8 |
| EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | 161 | (1) | 162 | 8 |
| TOTAL CONSOLIDATED EQUITY | 41,546 | 193 | 41,409 | (562) |

Segment reporting

The FS Italiane group's performance is analysed below with reference to each of the four operating segments that make up its business (Transport, Infrastructure, Real Estate Services and Other Services). The charts below summarise the 2021 and 2020 performance with indication of the percentages of revenue and operating costs, gross operating profit (loss), profit (loss) for the year and net invested capital attributable to each segment.



Transport

The FS Italiane group companies operating in the transport of passengers and/or freight by rail, road or sea are part of the Transport segment.

More specifically, rail operations mainly fall under Trenitalia S.p.A., which provides services for passenger transport in Italy and abroad, managing both regional and national routes. This segment also includes the German group, Netinera Deutschland, which carries out transport activities by rail and road on the local and urban transport market in Germany through approximately 40 investees, TrainOSE SA, which operates in Greece, connecting Athens and Thessaloniki, Trenitalia C2C Ltd, a UK passenger transport company, and Ferrovie del Sud Est e Servizi Automobilistici S.r.l. ("FSE"), which holds the concession for road and rail services in Puglia, Italy.

The group companies that principally operate in freight transport are those in the Mercitalia hub, with domestic and international operations, including TX Logistik group (mainly active in Germany, Austria, Switzerland and Denmark).

The Transport segment also includes road urban and medium/long-haul passenger transport, offered by the group consisting of Busitalia-Sita Nord S.r.l. and its Italian and foreign investees. The above-mentioned FSE S.r.l. also provides these services.

| | millions of Euros | | | |
|---|-------------------|-------------------|---------------|--------------|
| | 2021 | 2020 | Change | % |
| Revenue from sales and services | 6,828 | 6,089 | 739 | 12.1 |
| Other income | 200 | 169 | 31 | 18.3 |
| Revenue | 7,028 | 6,258 | 770 | 12.3 |
| Operating costs | (5,683) | (5,306) | (377) | (7.1) |
| Gross operating profit | 1,345 | 952 | 393 | 41.3 |
| Operating profit (loss) | 49 | (418) | 467 | 111.7 |
| Segment profit (loss) (attributable to the owners of the parent and non-controlling interests) | 132 | (647) | 779 | 120.4 |
| | 31.12.2021 | 31.12.2020 | Change | |
| Net invested capital | 11,940 | 11,304 | 636 | |

The data reported above refer to the "sector" and include items with third parties and trade between sectors.

The Transport segment shows a **profit for the year** of €132 million, up €779 million on 2020.

The following factors contributed to the significant improvement in 2021: i) both years were affected considerably by the economic and financial effects of Covid-19, albeit to different degrees. The adverse effects of the "soft lockdown" measures applied throughout the first four months of 2021 affected travel between regions and the sale of available seats (the staggered system) but were partly offset by a slow but steady improvement in all the Transport segment's businesses starting from May; ii) in addition to the pandemic, 2021 was affected by the higher costs recognised as a result of ART decision no. 88/2021 which recalculated the toll costs on the HS network for the period from 6 November 2014 to 31 December 2015 (€86.7 million); iii) the grants received in the two years for the market and regional public transport sectors differed (in 2021, they included grants of €257.8 million for the market service offsetting the negative effects of Covid-19 recorded in 2020).

Revenue of the Transport segment amounts to €7,028 million, up by €770 million or roughly 12% on 2020, essentially as a result of the higher revenue from transport services (+€727 million, +14%).

Revenue of the long-haul railway segment increased by approximately €409 million (+28% on 2020) in both the market component (+€357 million) and the universal service component (+€52 million).

Revenue of the short-haul railway segment (regional transport) is up by €238 million (+10% on 2020) thanks to the rise in traffic revenue due to the easing of restrictions and the reorganisation of the offer in order to stimulate local tourism during the summer period, and an increase in revenue in connection with the consideration necessary for the service contracts with the regions to break even, partly offset by the fact that, in accordance with legislation, this segment benefited from government grants totalling €89 million compared to €193 million disbursed in 2020 (covering the March-June 2020 period).

The passenger road transport and the freight transport segments recorded respective increases in revenue of €41 million (+6% on 2020), due to higher revenue from transport services and government grants of €12 million in the Netherlands, and of €66 million (+7% on 2020, due to higher volumes).

The **gross operating profit** of the Transport segment came to €1,345 million in 2021, up by €393 million on 2020. The increase in revenue was only partly offset by the rise in operating costs (personnel expense and costs for services mainly related to the increase in the offer and higher sanitation and electrical energy for traction costs).

The **operating profit** amounts to €49 million. Despite the impairment losses recognised on rolling stock in 2020, the operating profit was heavily affected by amortisation and depreciation, substantially unchanged from the previous year.

The increase in **net financial income** of €72 million is mostly due to the release of a provision for risks (€161 million) set up by Trenitalia in 2020 to cover the amount deemed non-recoverable of the parent company support (PCS) credit facility that FS Italiane S.p.A. had originally granted to its indirect subsidiary Trenitalia C2C, with Trenitalia's guarantee.

Income taxes for 2021 show a positive balance of €11 million, down by €42 million.

Infrastructure

The group's Infrastructure segment companies are RFI S.p.A., whose mission is to serve as the national railway infrastructure operator, and Anas S.p.A., which, through its subsidiaries, operates Italy's national-interest road and part of the national motorway networks. As network operator, RFI maintains, uses and develops the network and related safety systems, in addition to managing research and development in the field of railway transport and providing connection services to Italy's largest islands by sea. To a lesser extent, given its smaller size, Italferr S.p.A., the group's engineering company, also contributes to the results of this segment. The other group companies active in the Infrastructure segment on an exclusive or incidental basis are: FSE S.r.l., Brenner Basis Tunnel SE, Tunnel Ferroviario del Brennero S.p.A. (TFB), Tunnel Euralpin Lyon Turin SaS (TELT), Grandi Stazioni Rail S.p.A. and Metropark S.p.A..

millions of Euros

| | 2021 | 2020 | Change | % |
|---|----------------|----------------|--------------|----------------|
| Revenue from sales and services | 5,936 | 5,041 | 895 | 17.8 |
| Other income | 250 | 215 | 35 | 16.3 |
| Revenue | 6,186 | 5,256 | 930 | 17.7 |
| Operating costs | (5,555) | (4,603) | (952) | (20.7) |
| Gross operating profit | 631 | 653 | (22) | (3.4) |
| Operating profit | 277 | 160 | 117 | 73.1 |
| Segment profit (loss) (attributable to the owners of the parent and non-controlling interests) | 301 | (72) | 372 | >200 |

| | 31.12.2021 | 31.12.2020 | Change |
|-----------------------------|---------------|---------------|-------------|
| Net invested capital | 37,026 | 37,050 | (24) |

The data reported above refer to the "sector" and include items with third parties and trade between sectors.

The Infrastructure segment showed a **profit** for 2021 of €301 million, up by €372 million on the previous year.

Revenue amounts to €6,186 million, up significantly on 2020 (+€930 million or around 18%). The rise in revenue is mainly due to the combined effect of the following:

- the increase in Anas S.p.A.'s revenue (by roughly €480 million), essentially the net balance of higher revenue related to capital expenditure of €470 million (this item is matched by a corresponding change in costs) and higher toll revenue from motorway operators of €109 million (royalties, income from mobility services or network management), partly offset by smaller grants of €54 million (mostly due to the non-repetition of Covid-19 grants as per Law no. 77 of 17 July 2020 to offset the smaller tolls collected by Anas S.p.A. of €151 million, larger grants under Law no. 106 of 23 July 2021 of €30 million and larger grants of €66 million as per Decree law no. 4/2022) offsetting the smaller revenue recognised by Anas S.p.A. due to the fewer vehicles circulating on the motorways in 2021 because of Covid-19 and the increase in the cost of lighting the state roads that it operates;
- the increase in RFI S.p.A.'s revenue due to:

- the sale of electrical energy for traction of €192 million (matched by a similar variation in costs) linked to the greater volume of train-km travelled and the hike in energy prices which drove the related price of electricity to near historical peaks, compared to 2020 (when the cost of energy was the lowest ever since the electricity market opened in 2004);
- tolls of €185 million being the sum of: an increase of €71 million due to the higher traffic volumes seen during the year; higher revenue from tolls of €116 million compared to previous years mostly due to the reimbursement of the fees to access HS/HC infrastructure borne by the railway companies as per ART decision no. 88/2021 for the 2014-2015 period (€124 million), partly offset by the recognition of adjustments provided for by ART decision no. 175/2001 to companies operating on an open access regime (€89 million);
- grants of €80 million, of which €30 million related to government grants (to offset the decrease in revenue) and the other €50 million to the rise in Programme Contract - Services for both routine maintenance and other operations (security, navigation, etc.);
- gains on the sale of materials that can no longer be used (€49 million);
- the €183 million decrease in revenue due to the sale of the investments in Sitaf Group in 2021.

The Infrastructure segment's **gross operating profit** is €631 million, down by €22 million on 2020: RFI S.p.A.'s improved contribution is more than offset by the reduction in Anas S.p.A.'s profit margin and the effect of the sale of the investments in Sitaf group.

The **operating profit** of the Infrastructure segment is €277 million, up by €117 million on the previous year. The decrease in the gross operating profit is completely offset by the positive effect of the accrual made by RFI S.p.A. in 2020 to the fund for income and employment assistance and the smaller accrual made by Anas S.p.A. compared to 2020 to the IFRS 9 loss allowance for trade receivables and concession rights. The rise in RFI S.p.A.'s amortisation and depreciation (mainly caused by the change in rates due to the increase in train-km during the year) is more than offset by the lower amortisation and depreciation following the sale of the investments in the Sitaf group in 2021.

Net financial income of €33 million improved considerably on the previous year (+€245 million), mainly as a result of the sale of the investments in the Sitaf group in 2021 (+€42 million) and the recognition in 2020 of an impairment loss on the amount due from Strada dei Parchi (+€167 million).

Income taxes in the Infrastructure segment show a negative balance of €9 million in 2021, an improvement of €11 million on 2020, essentially due to the above sale.

Real Estate Services

The Real Estate Services segment mainly consists of FS Sistemi Urbani S.r.l. which handles management, sales and development services for real estate assets that are not used in the group's operations.

The parent also contributes to this segment, exclusively with respect to its real estate management operations, which include providing the group companies with strategic guidelines on real estate and asset allocation (e.g., mergers, demergers, contributions to SPEs, etc.) and handling the sale of land and buildings held for trading in real estate holdings.

| | millions of Euros | | | |
|--|-------------------|-------------------|---------------|---------------|
| | 2021 | 2020 | Change | % |
| Revenue from sales and services | 117 | 107 | 10 | 9.3 |
| Other income | | (1) | 1 | 100.0 |
| Revenue | 117 | 106 | 11 | 10.4 |
| Operating costs | (106) | (95) | (11) | (11.6) |
| Gross operating profit | 11 | 11 | | |
| Operating profit (loss) | | (6) | 6 | 100.0 |
| Segment loss (attributable to the owners of the parent and non-controlling interests) | (2) | (10) | 8 | 80.0 |
| | 31.12.2021 | 31.12.2020 | Change | |
| Net invested capital | 1,434 | 1,452 | (18) | |

The data reported above refer to the "sector" and include items with third parties and trade between sectors.

The Real Estate Services segment shows a **loss for the year** of €2 million, a €8 million improvement on 2020, when it recognised larger impairment losses on financial assets.

Other Services

FS Italiane S.p.A. operates in the Other Services segment in its role as the group's holding company and for all the activities not included in the real estate services described above. It steers and coordinates the business policies and strategies of the group's operating companies. The other companies that operate in this segment are: Ferservizi S.p.A., which manages the activities not directly related to railway operations as outsourcer for the group's main companies; Fercredit S.p.A., which mainly develops the credit factoring and lease business on the captive market and develops the consumer credit business for the group's employees; Italcertifer S.p.A., which carries out certification, assessment and testing activities on transport and infrastructure systems; and FSTechnology S.p.A., the group's ICT service provider, appointed to manage its ICT strategy.

| | millions of Euros | | | |
|--|-------------------|-------------------|---------------|------------------|
| | 2021 | 2020 | Change | % |
| Revenue from sales and services | 613 | 589 | 24 | 4.1 |
| Other income | 12 | 10 | 2 | 20.0 |
| Revenue | 625 | 599 | 26 | 4.3 |
| Operating costs | (671) | (612) | (59) | (9.6) |
| Gross operating loss | (46) | (13) | (33) | >(200) |
| Operating loss | (102) | (62) | (40) | (64.5) |
| Segment loss (attributable to the owners of the parent and non-controlling interests) | (22) | (47) | 25 | 53.2 |
| | 31.12.2021 | 31.12.2020 | Change | |
| Net invested capital | 447 | 710 | (263) | |

The data reported above refer to the "sector" and include items with third parties and trade between sectors.

In 2021, Other services recorded a loss for the year of €22 million, an improvement of €25 million on the previous year's loss.

Revenue of €65 million is up by €26 million, mainly as a result of the FSTechnology's IT activities.

The **gross operating loss** of €46 million in 2021 worsened by €33 million on the previous year. This is due to both non-recurring income of €13 million recognised by the parent in 2020 (following the favourable outcome of the appeal against the tax authorities to obtain a reimbursement of registration tax and the related interest previously paid on the transfer of the electricity grid to the main national operator, Terna S.p.A.) and the parent's higher costs.

The segment's operating loss was €102 million, a worsening of €40 million on 2020 for the same reasons cited above for the gross operating loss as well as the higher amortisation and depreciation expense.

Net financial income amounts to €60 million, showing a strong improvement of €52 million over 2020 due to both smaller financial expense and the recognition in 2020 of larger impairment losses on investments in group companies.

Income taxes show a positive balance of €20 million, up by €13 million on 2020. This caption reflects the positive effects of the domestic tax consolidation scheme managed by the parent on behalf of the group.

Loans and borrowings and related contracts – Other Services segment

Standard and Poor's rating confirmed

On 18 February 2021, Standard and Poor's confirmed the ratings of July 2020 and specifically the Issuer Credit Rating at "BBB" and the "Stand Alone Credit Profile" (SACP) at "bbb+", the latter therefore one notch above the overall rating of FS S.p.A. and the Republic of Italy. The outlook remains negative.

Resolution authorising new bonds and loans

On 23 February 2021, FS Italiane's board of directors approved the issue of new bonds (reserved for institutional investors as part of the EMTN listed on the Dublin stock exchange) and the use of other financial instruments, for a maximum total of €2 billion and 900 million.

The funds raised on debt capital markets will finance the FS Italiane group's medium/long-term requirements for 2021 and, specifically, they will be used to purchase new trains for regional passenger transport and medium and long-haul transport, including abroad, as well as for the railway infrastructure.

Green bond placement - EMTN series 17

On 18 March 2021 - with settlement date 25 March - FS Italiane S.p.A. issued its third series of green bonds with a nominal amount of €1 billion. The coupon has been set at 0.375%, matures on 25 March 2028 and was issued as part of the EMTN programme updated to 12 March 2021.

The issue is part of the Green Bond Framework set up by FS Italiane S.p.A. to finance environmental sustainability projects. Specifically, the proceeds from the issue are earmarked to replace rolling stock for public transport as detailed below:

- New Pop and Rock electric trains for regional passenger transport;
- New ETR 1000 high-speed electric trains for long-haul passenger transport, including abroad.

Both projects ensure improvements in energy efficiency, reductions in CO2 emissions and a modal shift towards the use of rail in local and long-haul public transport.

Thanks to this framework, the certification from the Climate Bonds Initiative (CBI) was confirmed. CBI is an international non-profit organisation that promotes sustainable financing to combat climate change at a global level. The CBI certification and the projects financed by FS Italiane S.p.A. confirm its strong commitment to ESG issues, promoted by the group through sustainable finance operations.

FS Italiane S.p.A. used the proceeds of the issue to grant Trenitalia S.p.A. an intragroup loan.

The issue is part of the total €2.9 billion approved by FS Italiane S.p.A.'s board of directors on 23 February 2021 to cover the group's 2021 medium/long-term requirements.

Private bond placement with Eurofima

On 19 April 2021, FS Italiane S.p.A. finalised another private bond placement with Eurofima for €250 million at a variable rate and maturing in April 2041 (twenty years). The trains financed by these bonds meet the requirements of the European taxonomy and positively contribute to environmental and social sustainability as they promote the modal shift to rail.

Using the proceeds raised with this placement, FS Italiane S.p.A. granted Trenitalia S.p.A. an intragroup loan to finance the company's rolling stock used to operate the medium and long-haul public transport service.

New bank loans

In June 2021, FS Italiane S.p.A. entered into three three-year bank loan agreements for a total of €500 million to finance part of the annual requirements of the railway infrastructure operator.

Specifically, the loan agreements were entered into with UniCredit for €200 million on 16 June 2021, Intesa San Paolo for €200 million on 22 June 2021 and Banco BPM for €100 million on 28 June 2021.

FS Italiane S.p.A. used these amounts to grant RFI S.p.A. an intragroup loan.

The transaction is also part of the total €2.9 billion approved by FS Italiane S.p.A.'s board of directors on 23 February 2021 to cover the group's 2021 medium/long-term requirements.

Signing of the new sustainability-linked facility

On 25 June 2021, FS Italiane S.p.A. entered into, with a syndicate of six financial institutions, a new committed and revolving credit facility agreement for €2.5 billion and three years tenor, the largest financial transaction ever for the group. The facility, signed with FS Holding by Intesa Sanpaolo, UniCredit, Cassa Depositi e Prestiti, Credit Agricole CIB, CaixaBank and Banca Popolare di Sondrio, is the group's first sustainability-linked product, thanks to the provision of margin and commitment fee adjustments, linked to the achievement of targets for four KPIs that capture the group's overall commitment in the ESG field.

This closing follows a competitive selection among banks in order to raise a new committed line greater than the existing one from the market, within the first half of 2021.

The funds of the credit facility will be used to meet the group's liquidity requirements and will be allocated to the subsidiaries through intragroup loans.

Fitch rating confirmed

On 18 November 2021, Fitch Ratings issued its annual assessment of the credit rating of FS Italiane S.p.A., confirming its "Issuer Default Rating" at "BBB-" with a stable outlook reflecting that of the Republic of Italy.

Fitch also confirmed the "Stand Alone Credit Profile" of FS Italiane S.p.A. at "bbb-", again in line with that of the Republic of Italy.

Standard and Poor's rating confirmed

On 24 November 2021, Standard and Poor's re-confirmed FS Italiane's "Issuer Credit Rating" at "BBB" and the "Stand Alone Credit Profile" (SACP) at "bbb+", the latter therefore one notch above the rating of the Republic of Italy and the overall rating of FS Italiane S.p.A..

Its outlook has improved from negative to positive.

New bank loans

In December 2021, FS Italiane S.p.A. entered into two three-year bank loan agreements for a total of €200 million. Specifically, the agreements were entered into with Intesa Sanpaolo for €50 million on 7 December 2021 and CaixaBank for €150 million on 9 December 2021.

The transaction is part of the total €2.9 billion approved by FS S.p.A.'s board of directors on 23 February 2021 to cover the group's 2021 medium/long-term requirements.

EMTN Programme updated and increased to €9 billion

On 15 December 2021, FS Italiane S.p.A. updated its "Euro Medium Term Notes" (EMTN) Programme for institutional investors listed on the Dublin Stock Exchange.

This update entailed increasing its maximum size up to €9 billion, from the previous €7 billion and signing the documentation with 27 dealer banks.

Since 2013, when the EMTN Programme was established, FS Italiane has issued 17 private and public notes, including 3 green bonds.

Private green bond placement with EIB

On 16 December 2021, the European Investment Bank (EIB) supported the purchase of modern high-speed trains by Trenitalia S.p.A. for its Italian and Spanish operations via a private placement subscription of green bonds issued by FS S.p.A. and maturing in 2038. The €350 million tranche is the first green bond signed by the EIB in its history.

The project boosts the expansion of high-speed transport on the trans-European transport network (TEN-T) in Italy and Spain, promoting a single railway market and the transfer of road and air traffic to railways, in line with the 4th railway package of the European Union.

FS Italiane S.p.A. used these amounts to grant Trenitalia S.p.A. an intragroup loan.

Without recourse factoring

On 22 December 2021, the contracts for the without recourse factoring of amounts due by the Ministry of Infrastructure and Sustainable Mobility to the main group companies were signed pursuant to Law no. 77 of 17 July 2020 and the 2021 Budget Act and the measures introduced by the Italian government to counter the economic repercussions of the Covid-19 pandemic. The grants of approximately €445 million due for the years from 2022 to 2034 were assigned to Unicredit Factoring, as factor, following the auction called in November 2021 by FS Italiane S.p.A., which coordinated, structured and negotiated the transactions on behalf of Trenitalia S.p.A. and RFI S.p.A. as the assignors.

Upgrade of Fitch rating

On 23 December 2021, Fitch upgraded FS Italiane S.p.A.'s "Long-Term Issuer Default Rating" from "BBB-" to "BBB". It also upgraded FS S.p.A.'s EMTNs to "BBB".

Fitch also raised FS Italiane S.p.A.'s "Stand Alone Credit Profile" (SCP) from "bbb-" to "bbb".

The outlook continues to be stable, again in line with that of the Republic of Italy.

FS Italiane S.p.A.'s financial position and performance

Reclassified income statement

| | millions of Euros | | | |
|-----------------------------------|-------------------|--------------|-------------|--------------|
| | 2021 | 2020 | Change | % |
| Revenue | 163 | 197 | (34) | (17) |
| - Revenue from sales and services | 153 | 189 | (36) | (19) |
| - Other revenue | 10 | 8 | 2 | 25 |
| Operating costs | (268) | (256) | (12) | 5 |
| GROSS OPERATING PROFIT | (105) | (59) | (46) | 78 |
| Amortisation and depreciation | (25) | (23) | (2) | 9 |
| Net impairment losses | (2) | (5) | 3 | (60) |
| OPERATING LOSS | (132) | (87) | (45) | 52 |
| Net financial income | 99 | 115 | (16) | (14) |
| PRE-TAX PROFIT (LOSS) | (33) | 28 | (61) | NA |
| Income taxes | 33 | 13 | 20 | 154 |
| PROFIT FOR THE YEAR | 0 | 41 | (41) | (100) |

The **profit** for the year amounts to €0.1 million, down by €41 million on the previous year, mainly due to the operating loss and net financial income (-€46 million and -€16 million, respectively), partly offset by the income taxes (+€20 million).

The decrease in the **gross operating loss** (€46 million) reflects the reduction in revenue (-€34 million) and the increase in operating costs (-€12 million), as detailed below.

The downturn in **revenue** is mostly a result of the contraction in revenue from contracts with customers due to the combined effect of the smaller revenue from foreign contracts and services provided by the parent to the subsidiaries (€43 million) offset by the increase in revenue from the sale of land and buildings held for trading (€11 million). The increase in **operating costs** essentially refers to higher personnel expense (+€4 million), the increase in land and buildings held for sale, the rise in the costs of goods sold (+€6 million), the favourable settlement of a tax dispute commenced by FS Italiane S.p.A. and Terna S.p.A. in 2020 (+€13 million), the increase in membership fees (+€2 million), higher costs incurred for disputes (+€2 million) and payments of taxes and duties (+€4 million) offset by smaller costs for services related to foreign contracts (-€21 million).

The €45 million increase in the **operating loss** on 2020 is due to that described above with respect to the gross operating loss, an effect that was slightly buffered by the smaller credit losses and impairment of cash and cash equivalents (also considering the effects of initial application of IFRS 9), partly offset by the rise in amortisation and depreciation for the year.

The decrease in **net financial income** is mainly due to the reduction in dividends distributed by the subsidiaries, associates and third parties (€66 million) and the fair value losses on cross currency swaps (cash flow hedges) (€8 million) offset by smaller impairment losses on investments in group companies (€33 million), the net increase in exchange gains (€15 million) mainly related to short and medium-term loans in pounds sterling and transactions linked to the Riyadh metro, interest to

be retroceded by Trenitalia S.p.A. to FS Italiane S.p.A. (€5 million) after the definitive ruling in the former's favour ordering the Basilicata regional authorities to pay it the shortfalls for the years from 1987 to 1993 and the increase in net interest on liabilities (€5 million).

Income taxes show a total increase of €20 million on 2020, mainly due to the increase in income from the tax consolidation scheme (-€12 million), considering the higher IRES (corporate income tax) transferred by the group companies, smaller adjustments to prior year taxes (-€1 million) and the reduction in deferred taxes (-€6 million).

Reclassified statement of financial position

| | millions of Euros | | |
|--|-------------------|---------------|-------------|
| | 31.12.2021 | 31.12.2020 | Change |
| ASSETS | | | |
| Net operating working capital | 436 | 442 | (6) |
| Other assets, net | 228 | 287 | (59) |
| Working capital | 664 | 729 | (65) |
| Non-current assets | 552 | 543 | 9 |
| Equity investments | 38,056 | 38,062 | (6) |
| Net non-current assets | 38,608 | 38,605 | 3 |
| Post-employment benefits | (7) | (8) | 1 |
| Other provisions | (318) | (312) | (6) |
| Post-employment benefits and other provisions | (325) | (320) | (5) |
| NET INVESTED CAPITAL | 38,947 | 39,014 | (67) |
| COVERAGE | | | |
| Net current financial position | (629) | (579) | (50) |
| Net non-current financial position | (327) | (301) | (26) |
| Net financial position | (956) | (880) | (76) |
| Equity | 39,903 | 39,894 | 9 |
| COVERAGE | 38,947 | 39,014 | (67) |

Net invested capital of €38,947 million decreased by just €67 million in the year due to the combined effect of the decrease in working capital (-€65 million) and other provisions (-€5 million) and the increase in net non-current assets (+€3 million).

Net operating working capital of €436 million decreased by a mere €6 million in the year, mainly due to the decrease in land and buildings held for trading (-€14 million), the net decrease in trade receivables from group companies and trade payables to suppliers (+€8 million) and the decrease in advances to suppliers (-€1 million).

Other assets, net decreased by €59 million mostly as a result of the reduction in current assets (-€87 million), mainly attributable to amounts due from group companies for dividends to be distributed by Rete Ferroviaria Italiana S.p.A., the contraction in current and non-current liabilities (+€22 million), principally tax consolidation liabilities, amounts due to

employees, to the bilateral fund for income assistance, the subsidiaries for the VAT consolidation scheme and to third parties, and the reduction in VAT liabilities (+€8 million).

Net non-current assets amount to €38,608 million, up by €3 million on 31 December 2020, due to the net decrease in equity investments (-€5 million), mostly a result of the impairment losses recognised on investments in subsidiaries, offset by an increase in intangible assets and property, plant and equipment (+€1 million) and investment property (+€7 million).

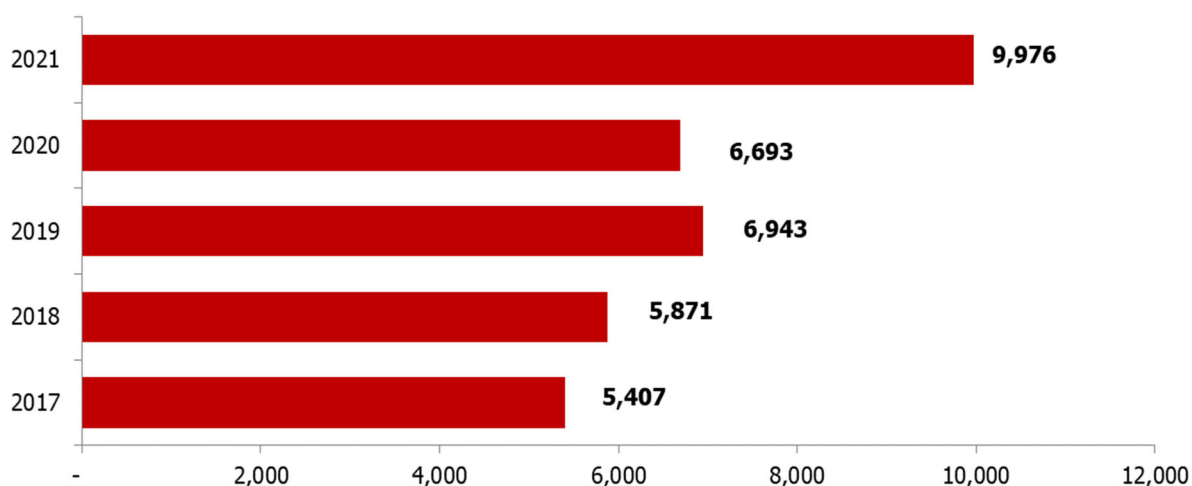
The **net financial position** improved by €76 million, essentially due to the agreement of new loans with Banco BPM and La Caixa for a total nominal amount of €200 million in December, which the parent has not yet allocated to the group companies. They are offset by the non-current loans and borrowings of €105 million granted to Blufferries S.r.l., TrainOSE SA, Qbuzz BV, TX Logistik AG and Trenitalia France Sas using the parent's liquidity, the injection of €10 million to Nugo S.p.A. to cover its losses and reconstitute share capital, the transfer of the €9 million in grants received from MIMS to the Sardinia region related to the national operational programme for transport (PON-T) for the 2000-2006 period subsequently transferred by the region to Trenitalia S.p.A.. During the year, the parent placed new bond issues and took out bank loans for a total of €2.3 million, including €2.1 million made immediately available to the main group companies (reference should be made to section 22 Non-current and current financial assets (including derivatives) and section 29 Non-current and current borrowings of this report for details). The parent also repaid bank loans and redeemed bonds for €0.8 million.

Equity rose by €9 million essentially because of the derivatives recognised under assets at 31 December 2020 (€6 million) compared to derivatives recognised under liabilities at the reporting date (€3 million).

Investments

Despite continuation of the pandemic and the resulting economic crisis, the FS Italiane group managed to ensure the continuity of investment development and, in line with its investment trend since 2012, maintained a capital expenditure/depreciation ratio greater than 1 again in 2021, securing not only the replacement of assets which become obsolete from one year to the next but also steady growth. Indeed, after acknowledgement as the largest investor in Italy notwithstanding the pandemic, the group accelerated its investment programme in 2021 continuing to support the development and renewal of transport, infrastructure and logistics.

Total expenditure for investments by the FS Italiane group in 2021 amounts to €9,976 million, €2,322 million of which was self-financed and €7,654 million through government grants, up by roughly 49% on the same figure at 31 December 2020.



The FS Italiane group developed and managed a record amount of capital expenditure totalling approximately €12.5 billion²⁶ (+40% on the end of 2020, when it had invested around €9 billion), including 98% in Italy, of which:

- approximately 84.1% of capital expenditure refers to the Infrastructure operating segment, with RFI S.p.A. investing €8,033 million (including €5,640 million for the conventional/HC network, €80 million for the HS/HC network between Turin, Milan and Naples and €2,313 million for contract advances²⁷ to suppliers) and the Anas group investing €2,241 million (including roughly €295 million for contract advances to suppliers);
- around 15.7% of investments refers to the Transport segment for projects focusing on the transport of passengers by road and rail, both in Italy and abroad, and to the transport of freight, with Trenitalia S.p.A. investing €1,618 million (including routine maintenance), Mercitalia group approximately €136 million, Busitalia group €58 million and the other companies operating abroad investing €134 million (Netinera, C2C, Trenitalia UK, Trenitalia France and TrainOSE);
- approximately 0.2% of investments (the remainder) refers to the Real estate and Other services segments. The investments were mainly made by FS Technology S.p.A. and FS Italiane S.p.A., principally for ICT projects.

Investments in infrastructure

Specifically, RFI S.p.A. invested €8,033 million in the national railway network, including contractual advances of €2,313 million to suppliers and €5,720 million for completed works, broken down as follows:

²⁶ In addition to the consolidated investments described above, capital expenditure includes the investments made by Anas S.p.A. and FSE S.p.A., recognised in accordance with IFRIC 12 (approximately €2 billion), while the remainder is comprised of the investments of unconsolidated special-purpose vehicles (e.g., TELT, BBT, etc.).

²⁷ Also in connection with article 207.1 and 2 of Law no. 77 of 17 July 2020 .

- 45% for safety, technology and efficiency, including €151 million (roughly 5% of total spending net of advances) for cutting-edge technology;
- 55% for work on national lines, conventional/HC network infrastructure development, the completion of the Turin-Milan-Naples HS line and large construction works, mainly on the HS/HC Verona-Padua line between Verona and Vicenza and on the Milan-Verona line between Brescia and Verona.

In 2021, negotiations by the company responsible for the national railway infrastructure were reorganised in response to the pandemic-related restrictions and calls for tenders were published totalling €7.8 billion, including €3.3 billion for non-routine maintenance, supplies and services and €4.5 billion for development investments.

Calls for tenders totalling €18.8 billion were published in 2021. They included:²⁸

- Naples-Bari: doubling of tracks on the Hirpinia-Orsara and Orsara-Bovino sections;
- Brenner: Fortezza-Ponte Gardena;
- Messina-Catania: doubling of tracks on the Letoianni-Giampileri and Fiume Freddo-Letoianni sections;
- Port connectivity (Livorno and Taranto);
- Sundry traffic technology upgrading projects.

With respect to the main projects:

- In central-north Italy, RFI completed the definitive projects for the computerised interlocking systems of Milano Certosa, Lunetta di Gorizia, the Verona Ovest hub, the Brescia hub upgrade and the Pescaia-Lucca line. In July, it began the review of the definitive project for the Parma-Vicofertile section and, in December, the review of the definitive project for the laying of double tracks on the Andora-Finale section of the Genoa-Ventimiglia line was delivered;
- In central-south Italy, RFI completed the definitive designs for the new general zoning plan and computerised interlocking system in Chieti in April, the Multi-station central computerised system on the Foggia-Bari Parco Nord section in July and the Foggia Cervaro HS station in November.

In the Lazio region, RFI completed the definitive projects for the laying of quadruple tracks between Ciampino and Capannelle and restoring the external Tuscolana track as part of the work on the Pigneto hub. In December, the review of the definitive plan for the Pigneto FL4/FL6 stop began and the definitive designs for the temporary relocations as part of the Roma Tuscolana general zoning plan, lots 1, 2 and 3 of the Rome - north ring road freight overhang were completed, as were the Ciampino and Albano electric substations as part of the laying of the quadruple tracks between Ciampino and Capannelle.

In Campania, in February, RFI completed the definitive projects for the Salerno Centrale hub, the computerised interlocking system at Cava dei Tirreni with an axle-counter block and the computerised interlocking system in Paduli.

In Sicily in March, it completed the definitive projects for lots 1 and 2 of the Ragusa metro rail and, in August, it completed the definitive project for the new Taranto Nasisi station.

Furthermore, the main infrastructure placed in service was:

North Italy

- Technological upgrade of Venezia Mestre-Venice S. Lucia;
- 3rd phase of the central computerised multi-station system on the Venezia Mestre-Venice Santa Lucia section;
- technological upgrade of the TSCS on the Macherio – Monza section as part of the technological upgrade of the Chiasso – Monza line;
- Phase 4 of the Brescia general zoning plan;

²⁸ Provisional awards.

- a phase of the Sesto San Giovanni computerised multi-station central unit as part of the Turin-Padua technological upgrade;
- reopening of the San Tomaso tunnel for operations at the Genoa hub and activation of the first phase of Genoa Voltri;
- functional phase of the upgrading of the Pistoia-Lucca-Viareggio line;
- updating of the loading gauge P/C 80 on the Vernio-Prato section (this is the code for the loading gauge of the freight transport railway line) as part of the performance upgrade of the Scandinavian - Mediterranean corridor, Tyrrhenian area, Bologna - Prato line.

Central Italy

- functional phase 1 of the laying of double tracks on the Spoleto-Campello section;
- phase 1 of the multi-station central computerised system at the Florence hub;
- Module "D" of the command and control system at the Rome hub.
- technological work for the upgrade of the direct Florence-Rome line on the section between Rovezzano (e) and Arezzo Sud (e);
- the computerised interlocking system and the TSCS at Bagni di Tivoli as part of the laying of double tracks on Lunghezza-Guidonia section

South Italy

- functional phase 1 of the computerised interlocking system at Napoli Centrale;
- computerised interlocking system on the section between Capua (e) and Sparanise (i) as part of the technological upgrade of the Naples hub;
- technological work on the multi-station computerised interlocking system on the Brindisi Lecce section;
- in November, the Kennedy stop at the Palermo hub was activated.

With respect to the development of the station investment plan, as in 2020, work continued on the pair of macro-projects for stations included in the Easy Station project to improve the physical spaces inside stations and the information provided to the public, and the stations included in the Smart Station project to "outfit" stations with digital technologies.

The Easy Station macro project includes the following:

- raising the platforms to the standard height of 55 cm to rail level so all passengers may access trains at level and passengers in wheelchairs may move as independently as possible;
- implementing an information system with digital messages for the public;
- improving station accessibility (lighting, lifts, ramps, tactile routes and maps, fixed signs, overhangs, etc.) and appearance.

These projects cover the 250 stations identified as those with the most traffic, accounting for over 80% of all network passengers, and as those with infrastructure and service development potential.

In 2021, as the Covid-19 public health emergency continued, certain work sites suffered delays in the start and continuation of work, due in particular to the postponement of line interruptions so work could be carried out safely. However, approximately 60 work sites opened and work to renovate passenger buildings at around seven stations began. Specifically, in the local public transport business area, work continued to upgrade the platforms and improve accessibility. Work is being completed on the passenger buildings at the stations in L'Aquila, Riccione, Civitanova and Latina,

The Smart Station projects developed apply advanced technologies in stations, like Wi-life, the remote management of non-industrial systems at the station and the implementation of turnstiles to improve safety in the station. In 2021, the barrier closing off stations with turnstiles at the front of the tracks in the Roma Termini station was completed and the barriers at the additional station entrances to Roma Termini, Milano Centrale and Napoli piazza Garibaldi were being completed.

Work on the motorway network operated by the Anas group entailed investments of €2,241 million in the year, including contractual advances to suppliers of €295 million and completed projects of €1,946 million. Roughly 39% of these investments were for new works and 59% to maintain the efficiency of the existing road infrastructure, with the residual amount mainly relating to technological and computer features.

Calls for tenders totalling €2.6 billion were published in 2021, including €0.5 billion for new works and €1.3 billion for maintenance.

Furthermore, during the year, tenders worth a net €6.7 billion were awarded, of which €1 billion for new works and €4.9 billion for maintenance.

The main road infrastructure activations related to the following works:

- A2 Mediterranean - securing the section from km 433+785 Campo Calabro exit (excluding it) to km 442+077 S. Caterina exit (including it);
- A3 Salerno - Reggio Calabria - securing the section from km 433+785 Campo Calabro exit (excluding it) to km 442+077 S. Caterina exit (including it);
- National road 51 "Alemagna" - Vittorio Veneto variation (Tangenziale Est in the province of Treviso) La Sega - hospital connection 1st lot La Sega - Rindola section;
- National road 54 "del Friuli" - bypass of the Cividale del Friuli residential area at km 13+900

Investments in railway transport

Trenitalia S.p.A. invested approximately €1,618 million in 2021 in railway transport, with 60% of these investments directed towards the purchase of rolling stock, 10% to recondition material already used in operation, 9% to technologically update vehicles, for IT systems and to maintain and develop maintenance plants and the remaining 21% for routine maintenance. The main investment projects by business area were:

- Long-haul railway passenger transport - Commercial services (€412 million)
Two ETR 700 trains were delivered. Revamping covered the fleet of ETR470 trains with the revamping of three of the five trains assigned to operations on the Greek lines, the ETR1000 fleet with the revamping of five of the eight trains assigned to operations in France and updates to the fire-prevention system on the ETR500 and ETR 485/600 trains. Works on plants involved the identification of a new work plan which includes the upgrade and outfitting of the new Turin shunting maintenance system, the reorganisation and expansion of the Milano Martesana and Naples shunting maintenance systems and the increase in the maintenance capacity at Roma San Lorenzo.
During the year, €116 million was allocated to routine maintenance of rolling stock.
- Long-haul railway passenger transport - Universal services (€102 million)
Projects mainly entailed upgrading the fire prevention system on the Intercity carriages and the activation of the new air conditioning system (€18 million and 260 carriages upgraded).
Routine maintenance continued for approximately €78 million.
- Regional short-haul railway passenger transport (€885 million)
As part of the upgrade of the regional transport fleet, Trenitalia took delivery of 42 Pop trains (€245 million), 50 Rock trains (€394 million), four Swing trains (€14 million) and advances were paid for the purchase of Blues trains for the Lazio, Sardinia and Tuscany regions (€22 million).
In addition, 21 commuter trains were placed back in service (€10 million) after face lifts to improve comfort. Work is underway to upgrade the fire prevention system on the Vivalto trains (€2 million, with 43 carriages placed back in service). Work continues to update the fire-prevention system on the Minuetto, medium-haul carriages, Vivalto and ALN 663 fleets (€12.5 million, with 69 Minuetto trains, 105 medium-haul carriages and 53 Vivalto carriages placed back in service). During the year, approximately €131 million was invested in routine maintenance in rolling stock.

The table below shows deliveries of the main materials purchased and the placement in service of renovated rolling stock.

| NEW MATERIAL | | no. of vehicles | RECONDITIONED MATERIAL | | no. of vehicles |
|-------------------------------|--|-----------------|---|--|-----------------|
| Carriages | | | Carriages | | 408 |
| Long-Haul Passenger Transport | | | Long-Haul Passenger Transport | | 260 |
| | | | <i>InterCity (IC)</i> | | 1 |
| | | | <i>Fire prevention in carriages</i> | | 259 |
| | | | Regional | | 148 |
| | | | <i>Fire prevention in medium-haul carriages</i> | | 105 |
| | | | <i>Fire prevention in Vivalto carriages</i> | | 53 |
| | | | <i>Technological upgrade of Vivalto carriages</i> | | 43 |
| Trains | | 101 | Trains | | 131 |
| Long-Haul Passenger Transport | | 5 | Long-Haul Passenger Transport commercial services | | 41 |
| <i>ETR 1000</i> | | 3 | <i>Fire prevention on ETR 500s</i> | | 22 |
| <i>ETR 700s</i> | | 2 | <i>Fire prevention on ETR 485s</i> | | 11 |
| | | | <i>Revamping of ETR 470s (Greece)</i> | | 3 |
| | | | <i>Revamping of ETR 1000s (France)</i> | | 5 |
| Regional | | 96 | Regional | | 90 |
| <i>Rock trains</i> | | 50 | <i>Commuter trains</i> | | 21 |
| <i>Swing trains</i> | | 4 | <i>Fire prevention on Minuetto trains</i> | | 69 |
| Pop trains | | 42 | | | |

Investments in road transport

The following road transport vehicles were delivered for local public transport services:

- 127 diesel buses, two natural gas buses and two used electric buses for the services operated by Busitalia Veneto;
- 61 diesel buses for the services operated by Busitalia Campania;
- 25 buses for the services operated in the Netherlands by Qbuzz, including four hydrogen buses, six electric buses and 15 diesel buses;
- 9 diesel buses for local public transport and one diesel bus for commercial services in Umbria;
- 110 buses for the services operated by Netinera in Germany.

Investments in freight transport and logistics

The plan to update the fleet continues in the freight and logistics transport business (Mercitalia group). Specifically, 187 wagons were delivered to TX Logistik for T3000E intermodal transport, five D744-1 diesel engines were delivered to Mercitalia Rail and four diesel trains were delivered to Mercitalia Shunting & Terminal.

Investment funding

Government Programme Contracts to manage maintenance (GPC-S) and infrastructural investments (GPC-I)

RFI S.p.A. has signed two separate contracts with the MIMS, detailed as follows:

- Government Programme Contract – Investments (GPC-I) to regulate the sustainable planning and funding of investments to develop railway infrastructure to improve service quality and ensure compliance with safety levels in line with technological developments, in accordance with new legislation and the national and EU strategic guidelines for financial planning;
- Government Programme Contract - Services (“GPC-S”), governing the availability of the infrastructure and ordinary and non-routine maintenance on the infrastructure, as well as safety, security and railway ferrying.

Government Programme Contract – Investments (GPC-I)

In 2021, after the conclusion of the approval process for the 2018-2019 update of the 2017/2021 GPC-I, the operator prepared the template for the 2020-2021 update of the GPC-I in which all investments are formalised along with the related financing to ensure their immediate operational implementation.

This template was sent to the MIMS on 16 July 2021, therefore creating a single document which covers all the various sources of financing for investments in the national railway network. This is in the pursuit of the same, synergistic vision as the National Recovery and Resilience Plan to ensure its immediate operational implementation.

The financial resources formalised with the 2020/2021 update of the GPC-I (€31.7 billion) will enable, in accordance with the objectives of the National Recovery and Resilience Plan, not only the safety and updating of the existing railway infrastructure to give residents more efficient and safer infrastructure and more better quality commuter services, but also the development of new infrastructure quality to fill the infrastructure gap between the north and south, focus on high speed and speed up the network for passengers and freight, complete the TEN-T railway corridors, complete the sections over passes and strengthen hubs and railway lines.

For approval purposes, this update followed the procedure provided for by Conversion law no. 106 of 23 July 2021, which converted Decree law no. 73 of 25 May 2021, containing “Emergency measures related to the Covid-19 emergency for companies, labour, youth, health and local services” and which approved the 2020-2021 update of the 2017-2021 GPC-I between the MIMS and RFI solely with the favourable opinion of the CIPESS (Interministerial committee for economic planning and sustainable development), i.e., enabling the faster application of the financial resources, also in connection with the urgent commitments made with the EU.

The CIPESS expressed an opinion in favour of the 2020/2021 update template for the 2017-2021 GPC-I during its meeting on 27 July 2021 with resolution no. 45 published in the Italian Official Journal on 18 November 2021, which brought the authorisation process to a close.

On 21 October 2021 Decree law no. 146/2021 “Emergency economic, tax, job-protection and urgent need measures”, converted into Law no. 215 of 17 December 2021, was published in Italian Official Journal (General series no. 301). In article 16, it establishes a cash advance of €1,500 million for 2021 for the GPC-I.

On 30 December 2021, in line with the legislation to simplify procedures and speed up railway investments, the MIMS sent Parliament the passenger and freight railway mobility strategic document required within the scope of the reforms under the National Recovery and Resilience Plan to speed up the process for the definition and approval of the new GPC between the MIMS and RFI. The MIMS’ strategic document, on which the competent commissions of the Chamber of Deputies and the Senate express their opinion within 30 days so that the new 2022-2026 Government Programme Contract may be quickly prepared, illustrates the railway mobility requirements for passengers and freight and the activities planned to manage and strengthen the railway network. It also identifies the criteria for the assessment of the environmental, economic and social sustainability of the projects and the necessary national railway infrastructure security and resilience standards, including with respect to climate change.

Government Programme Contract – Services (GPC-S)

In 2021, the second addendum to the GPC-S 2016-2021 was signed governing the following aspects:

- contractual formalisation of the resources to finance the non-routine maintenance of the network for 2021 established by Law no. 178 of 30 December 2020 "Government budget for 2021 and three-year budget for 2021-2023" ("2021 Budget Act"), of €752 million (of which €2 million for 2021 and €50 million annually from 2022 to 2036);
- contractual formalisation of the greater allocations in chapter 1541 as per the aforementioned 2021 Budget Act, amounting to €50 million for operations in 2021 (total allocation for operations of €1,066 million, compared to €1,016 million in 2020);
- introduction of a specific clause to extend the contractual term for another 12 months after its natural expiration date set for 31 December 2021, to ensure the financial continuity of network maintenance.

This addendum was authorised on 19 October 2021 when the Court of Auditors registered MIMS decree no. 342 approving it.

Anas S.p.A.'s Government Programme Contract

During its meeting on 27 July 2021, the CIPESS approved the 2020 update to the 2016-2020 GPC pending the preparation of a new GPC between the MIMS and Anas. This update does not modify the pre-existing agreements reached, which therefore remain in place in their entirety during the transition. The purpose of the update is to activate the additional resources made available under current legislation, implementing those allocated to the Anas single fund under the 2020 Budget Act (€1 billion) and the 2021 Budget Act (€1.3 billion). The resources have been allocated to scheduled maintenance, projects to restore the roads in the areas affected by the earthquakes of 2016, the fund for products and other work. The activities and work that were already planned will be carried out to ensure the continuity of work on the network.

The government funding remains "grants", as provided for by Decree no. 162/2019.

Group projects financed by government grants and transfers of public resources to the group

millions of Euros

| | RFI | FS Italiane | Trenitalia | Anas | Grandi Stazioni Rail | Ferrovie del Sud-Est | Netinera group | TrainOSE | Mercitalia Logistics | Mercitalia Rail | Mercitalia Intermodal | Mercitalia Shunting & Terminal | TX group | Busitalia group | Total |
|---------------------------------|----------------|--------------|--------------|----------------|----------------------|----------------------|----------------|-------------|----------------------|-----------------|-----------------------|--------------------------------|------------|-----------------|-----------------|
| Grants related to income | | | | | | | | | | | | | | | |
| Government Programme | 1,065.6 | | | | | | | | | | | | | | 1,065.6 |
| Contract Covid-19 grants | 170.0 | | 135.5 | | | | 52.1 | | | | | | 0.9 | 75.2 | 433.7 |
| Other government grants | 207.3 | | | | | | | 46.0 | 3.4 | 4.4 | 11.5 | 0.1 | 1.6 | | 274.3 |
| EU grants | | | | | | | | | | | | | 6.8 | | 6.8 |
| From local public bodies | | | | | | | | | | | 2.1 | | | 22.2 | 24.3 |
| Sundry grants from others | | | | | | | | | 0.2 | | 2.8 | | | | 3.0 |
| Grants related to assets | | | | | | | | | | | | | | | |
| Governments grants | 7,377.4 | 153.6 | | 1,800.4 | 15.4 | 3.5 | | | | | | | | | 9,350.3 |
| From local public bodies | 161.6 | | 152.0 | 314.7 | | 1.6 | | | | | | | | 10.5 | 640.4 |
| From the EU | 397.4 | | 3.0 | 5.0 | | 85.0 | | | | | | | | | 490.4 |
| Total | 9,379.3 | 153.6 | 290.5 | 2,120.1 | 15.4 | 90.1 | 52.1 | 46.0 | 3.6 | 4.4 | 16.4 | 0.1 | 9.3 | 107.9 | 12,288.8 |

National Recovery and Resilience Plan

The pandemic and consequent economic crisis have led the EU to coordinate its response both economically, with the suspension of the Stability Pact and the massive economic relief packages approved by the various member states, and structurally, most notably with the launch of the Next Generation EU (NGEU) recovery package in late May 2020.

NGEU marks a landmark shift for the EU. The vast quantity of resources allocated to ushering in a new era of growth, investments and reforms totals €750 billion, with subsidies constituting over half, €390 billion. Specifically, NGEU consists of two instruments for member states: React EU, which was designed for the shorter term (2021-2022) to help member states in the initial stage of their economic recovery, with €13 billion assigned to Italy, and the National Recovery and Resilience Plan, which covers a six-year period from 2021 to 2026, with €191.5 billion assigned to Italy. In Italy's National Recovery and Resilience Plan, presented on 30 April 2021, the government expressed its intention of establishing a Complementary Fund with a total of approximately €31 billion to finance specific actions that will supplement and complete the National Recovery and Resilience Plan.

Overall, the funding assigned to Italy for the National Recovery and Resilience Plan, React EU and the Complementary Fund amounts to €235 billion (React EU: €13 billion; National Recovery and Resilience Plan: €191.5 billion; and the Complementary Fund: €31 billion).

The efforts to relaunch Italy outlined in the current plan hinge on three strategic levers agreed at European level: digitalisation and innovation, ecological transition and social inclusion. The Italian National Recovery and Resilience Plan consists of 16 components that break down into six missions:

- Mission 1: Digitalisation, innovation, competitiveness and culture (€49.8 billion);
- Mission 2: Green revolution and ecological transition (€69.9 billion);
- Mission 3: Infrastructure for sustainable mobility (€31.5 billion);
- Mission 4: Education and research (€33.8 billion);
- Mission 5: Inclusion and cohesion (€29.9 billion);
- Mission 6: Health (€20.2 billion).

The missions therefore cover the components for the achievement of the economic and social objectives set by the government strategy and correspond with action lines for consistent, coherent projects.

The FS Italiane group - which has always contributed to the transformation and development of the Italian economy - plays a key role in the National Recovery and Resilience Plan. Indeed, to date, €25.2 billion has been allocated to the FS group companies – as implementers - under the National Recovery and Resilience Plan and the Complementary Fund:

- Mission 1 Component 3: €0.41 billion for historic trains and cultural itineraries, of which €0.228 billion allocated to RFI S.p.A. and €0.179 billion to Fondazione FS;
- Mission 2 Component 2: €0.08 billion for waterway navigation to RFI S.p.A.;
- Mission 3 Components 1 and 2: €24.62 billion for work on the national railway infrastructure and the regional railways, for the monitoring and digital surveillance of works of art and for railway sidings, of which €23.96 billion allocated to RFI S.p.A., €0.38 billion to FSE S.r.l. and €0.275 billion to Anas S.p.A.;
- Mission 5 Component 3: €0.11 billion for the special economic zones, of which €0.096 billion to RFI S.p.A. and €0.017 billion to Anas S.p.A..

In addition to the projects already assigned to group companies, there are other projects currently being explored that could potentially receive funding under the National Recovery and Resilience Plan.

RFI's role in the success of the plan is of primary importance, particularly for Mission 3, for which the company has been allocated a total of €23.86 billion, equal to 11% of the entire Italian National Recovery and Resilience Plan funds. Of this

amount, €12.66 billion are additional resources for RFI that have been allocated to projects outside the portfolio and €11.2 billion have been allocated to “projects in progress” that have already been financed that, therefore, will replace financial resources which can instead be returned to Italy.

Moreover, RFI has been allocated approximately €95.7 million for component 3 of Mission 5 (M5C3) “Special projects for regional cohesion”. These funds are to be used for infrastructure projects for the development of the “special economic zones” in 2021 - 2026, with €57 million already formalised in contracts and the remainder yet to be formalised in contracts.

On 7 May 2021, Decree law no. 59, containing “Emergency measures for the Complementary Fund to the Italian National Recovery and Resilience Plan and other emergency measures for investments”, was published in Italian Official Journal, General series no. 108. In article 1, this decree law approved the National Recovery and Resilience Plan and allocated funds to the various programmes and projects. Those that specifically concern RFI are:

- €80 million in article 1.c) of the aforementioned decree law allocated for the area around the Messina Strait to update RFI’s fleet of ferries connecting Sicily and Calabria and formalised in update 2020/2021 of the Government Programme Contract - Investments (GPC-I) 2017-2021 of the Ministry of Infrastructure and Sustainable Mobility. The assigned funding will enable RFI to implement a plan to update its fleet of ferries that continue the railway line across the strait, including the implementation of hybrid electric systems to reduce gas emissions for an ecological improvement in energy efficiency, and build three new last-generation ferries for passenger transport;
- €30 million for projects to improve the environmentally-sustainable efficiency of railway connections - the “Update of rolling stock and infrastructure for railway transport” under the “Connection decree” in article 1.2-quater, within the scope of the Ministry of Infrastructure and Sustainable Mobility’s responsibility;
- €166 million in article 1.2.d), subsequently allocated with Prime Ministerial decree of 8 October 2021 for the implementation of projects as per the strategic investment plan for sites of cultural interest, buildings and natural areas, within the scope of the Ministry of Culture’s responsibility;
- a total of €55.5 million in article 1.2.b) for “projects in the areas affected by the 2009 and 2016 earthquakes” (for which RFI is not an official implementing body but has been named, by ordinance of the extraordinary commissioner, as a party responsible for the projects), for the “design and construction of ground-based plants for the production, storage and distribution of hydrogen” on the Terni - Rieti - Sulmona - L’Aquila line and for the “Upgrade and restyling of railway stations”.

The progress of the actions in Mission 3 Component 1 (M3C1) amounts to approximately €2.5 billion at the end of 2021, surpassing the forecasts in the Recovery Plan approved by the government and the EU, and all the targets and milestones to be completed by December 2021 were reached.

The MIMS is the central government authority overseeing the projects included in the GPC-I assigned to RFI S.p.A..

The infrastructure and technological projects in the railway sector consist of:

- developing the HS/HC infrastructure and speeding up the railway network for passengers and freight;
- completing the TEN-T railway corridors;
- completing the sections over mountain passes;
- strengthening hubs, major railway lines and regional networks;
- narrowing the infrastructure gap between north and south.

Specifically, RFI's work has been classified into eight sub-measures. They are detailed below in a brief summary of the progress of its main projects:

- Measure 1.1 HS railway connections with the south: National Recovery and Resilience Plan funding of approximately €4.6 billion on the following lines:
 - Naples - Bari: under construction for functional sections of approximately 90 km;
 - Palermo-Catania-Messina: for functional sections of approximately 150 km, with the projects mainly in the planning stage, except for the Bicocca-Catenanuova section (approximately 37 km) which is already under construction;
 - Salerno-Reggio Calabria: the project envisaged in the National Recovery and Resilience Plan relates to the priority Battipaglia-Romagnano lot (approximately 33 km), currently in the process of receiving clearance.
- Measure 1.2 HS lines in the north connecting it with Europe: National Recovery and Resilience Plan funding of approximately €8.6 billion on the Brescia-Verona-Vicenza and Ligury-Alps lines, both being built. The Ligury-Alps line includes work for the Genoa hub and Third Giovi Pass section (53 km), the Milan-Pieve Emanuele sections (11 km) and the laying of quadruple tracks on Rho-Parabiago and the Y link (9 km), the latter currently in the process of receiving clearance for the definitive plan. In addition, it includes works that feed into the Verona-Brenner line (15 km), relating to the Trento ring road, in the process of receiving clearance.
- Measure 1.3 Diagonal connections: National Recovery and Resilience Plan funding of approximately €1.6 billion on the following lines:
 - Roma-Pescara: Scafa-Manoppello and Manoppello-Interport priority lots;
 - Orte-Falconara: speeding up the Orte-Falconara sections, laying double tracks on PM228-Albacina and on PM228-Castelplanio;
 - Battipaglia-Potenza-Metaponto-Taranto: Potenza-Metaponto section priority lot.The work included in the National Recovery and Resilience Plan is being planned (economic and technical feasibility projects) and/or in the process of receiving clearance, with completion expected by the end of 2026.
- Measure 1.4 Introduction of the European Rail Traffic Management System (ERTMS): National Recovery and Resilience Plan funding of approximately €3 billion.
- Measure 1.5 Strengthening metropolitan railway hubs and key national connections: National Recovery and Resilience Plan funding of approximately €3 billion.
- Measure 1.6 Strengthening regional lines: National Recovery and Resilience Plan funding of approximately €100 million.
- Measure 1.7 Strengthening, electrification and resilience-boosting of the southern railways: National Recovery and Resilience Plan funding of approximately €2.3 billion.
- Measure 1.8 Improvement of railway stations in the south: National Recovery and Resilience Plan funding of approximately €700 million.

On 31 May 2021, Decree law no. 77/2021 regarding the "Governance of the National Recovery and Resilience Plan and the first measures to strengthen administrative structures and accelerate and streamline procedure" was published in the Italian Official Journal (General series no. 129) and was converted with Conversion law no. 108 of 29 July 2021. The purpose of the decree is to establish "the national regulatory framework to simplify and facilitate the achievement of the milestones and objectives in the National Recovery and Resilience Plan as per Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021, the national plan for complementary investments under Decree law no. 59 of 6 May 2021 and the National Integrated Plan for Energy and Climate 2030 as per Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018." Furthermore, it specified that "for the purposes of this decree and its implementation, the national interest in the prompt and punctual performance of the projects included in the plans indicated

in paragraph 1 is of absolute importance, in complete compliance with the standards and priorities of the European Union with regard to climate change and the environment.”

The governance model of the National Recovery and Resilience Plan is based on the EU principles set forth in the “Charter for Multilevel Governance in Europe”: subsidiarity, proportionality, partnership, coherence between programmes and policies and budget synergies, with the aim of strengthening institutional capacity building and investing in policy learning amongst all levels of governance;

This model provides for the following:

- a Steering Committee, under the Prime Minister and responsible for guiding policy and coordinating and driving the implementation of National Recovery and Resilience Plan projects;
- a central service for the National Recovery and Resilience Plan established with the government’s General Accounting Office (MEF) at general governance level. This central service is responsible for overseeing the Next Generation EU revolving fund, the resulting cash flows, the management, reporting and monitoring of projects and control over the regularity of expenditure, as well as for assessing results and impacts;
- the involvement of the central government administrations that own the projects (e.g., the MIMS, the Ministry of Culture, the regional authorities, etc.) and that coordinate the life cycle of the source of funding (management, monitoring, reporting, control and communication) and have the right to identify an oversight mission unit to liaise with both the Prime Ministerial Steering Committee and the Central Plan Governance Unit set up with the MEF.

On 24 September 2021, the MEF’s decree of 6 August 2021 was published in Italian Official Journal, General series no. 229. This decree assigns to the individual government administrations that own the projects the financial resources allocated for the implementation of the National Recovery and Resilience Plan projects.

On 22 December 2021, the operational arrangements between the European Commission and Italy pursuant to article 18 of Regulation (EU) 2021/241 were signed. They establish the mechanisms to periodically check that all milestones and objectives have been achieved for the payment of the half-yearly reimbursement of National Recovery and Resilience Plan funds to Italy.

The monitoring of the National Recovery and Resilience Plan projects is based on physical and procedural targets considering milestones at both EU and national level. EU resources are released to the member state when these milestones and targets are reached.

At present, the milestones established for 2021 have been met and the progress of projects is in line with the targets and milestones.

For the central governance of the National Recovery and Resilience Plan projects, the FS Italiane group has created an ad hoc monitoring and control system. Specifically, on 8 October 2021, it established a central command centre at the parent, responsible for:

- monitoring the group’s National Recovery and Resilience Plan projects to check the baseline and physical progress towards the key milestones and targets considering the National Recovery and Resilience Plan objectives;
- scouting and launching of the corporate and cross-sectional National Recovery and Resilience Plan projects that are not yet in the investment pipeline;
- checking the strategic consistency and quantification of the economic, social and environmental impacts of the National Recovery and Resilience Plan projects;
- centralised support for access to the various National Recovery and Resilience Plan financing methods;
- coordinating the communication initiatives associated with the National Recovery and Resilience Plan projects;

- representing the group, which may be jointly with the involved subsidiaries and the relevant FS Italiane S.p.A. units, in the Italian government's "command centre" which steers, drives and coordinates the implementation of the National Recovery and Resilience Plan and with the various institutional bodies involved, even locally.

Reference should be made to the paragraph "Developments in European legislation" for additional details on the legislation currently governing the National Recovery and Resilience Plan insofar as it concerns the group.

Group activities and the European Taxonomy

This paragraph illustrates group activities through the lens of European Taxonomy. Specifically, the FS Italiane group's activities are set out and analysed in relation to the classification of economic activities introduced by Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 ("EU Taxonomy"). EU Taxonomy is part of the wider Action Plan for Financing Sustainable Growth²⁹ rolled out by the European Commission in March 2018 which drew up an ambitious global sustainable finance strategy aimed at channelling capital flows to boost sustainable and inclusive growth. With its approval of the Green Deal³⁰ in 2019, the European Union basically set the course for more sustainable investments. The goal is to reach a climate neutral economy in the EU by 2050, cutting emissions by 55% by 2030.

Regulation (EU) 2020/852, together with Regulation (EU) 2019/2088 (SFDR - Sustainable Finance Disclosure Regulation), aims to ensure fair competition and the rights of all companies operating in the EU, with the following key objectives: reorienting capital flows towards sustainable investments, mainstreaming sustainability into risk management, promoting/encouraging long-term investments and economic activities, such to foster transparency and coherence in classifying activities and mitigate the risks of greenwashing and fragmentation of the relevant markets.

Specifically, Regulation (EU) 2020/852 defines an environmentally sustainable economic activity as one that substantially contributes to at least one of these six environmental objectives:



climate change mitigation



climate change adaptation



sustainable use and protection of water and marine resources



transition to a circular economy



pollution prevention and control



protection and restoration of biodiversity and ecosystems

Adopting EU Taxonomy

The Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. Under the regulation, undertakings which are subject to the obligation to publish a consolidated non-financial statement (NFS) shall include therein information on how and to what extent its activities are associated with environmentally sustainable economic activities. Specifically, they shall disclose the proportion of their turnover derived from products or services associated with environmentally sustainable economic activities (turnover KPI), the proportion of their operating expenditure (OpEx KPI) and the proportion of their capital expenditure (CapEx KPI) related to assets or processes associated with environmentally sustainable economic activities.

Under the regulation, an economic activity qualifies as environmentally sustainable if it:

- contributes substantially to one or more of the six environmental objectives defined by the taxonomy (climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems);
- does no significant harm to any of the environmental objectives (DNSH);

²⁹ "Action Plan: Financing Sustainable Growth", Communication from the Commission of 8 March 2018.

³⁰ "The European Green Deal", Communication from the Commission of 11 December 2019.

- is carried out in compliance with the minimum safeguards.

In 2021, the European Commission published a specific delegated act (Delegated Regulation (EU) 2021/2139, the European Climate Law) establishing the activities and relevant technical screening criteria regarding the **climate change mitigation** and **climate change adaptation** objectives.

Therefore, the analysis performed by the FS group focused on these two objectives. The European Commission had planned to issue the respective delegated acts for the other four environmental objectives by the end of 2021, but they are still pending to date.

Regulation (EU) 2020/852 also gave the Commission the power to adopt one or more delegated acts to indicate how undertakings which are subject to the obligation to publish a non-financial statement can reclassify their activities according to the delegated acts. Specifically, as per the delegated act related to article 8 adopted on 6 July 2021 (Delegated Regulation (EU) 2021/2178), the FS Italiane group companies have prepared the qualitative and quantitative disclosure set out in the following paragraphs.

Under such delegated act, for 2021, companies only have to report the proportion of turnover, OpEx and CapEx associated with activities defined eligible by the Regulation (eligible activities), without analysing the actual alignment of the technical screening criteria defined in the delegated acts related to the two above-mentioned environmental objectives.

Based on the regulatory framework, the group companies first analysed their activities to map those that fall under the scope of the Regulation. In line with the Regulation, the companies will perform the actual alignment of the technical screening criteria to check which activities meet the sustainability requirements (aligned activities) starting from 2022 (though the process has already begun). However, the final assessment of the group's sustainable activities could be even substantially modified once the criteria have been properly checked and in light of the European Commission finalising such criteria.

The group's economic activities in 2021 have thus been divided into the following categories for the **two climate change mitigation and climate change adaptation objectives**:

- **Eligible:** activities explicitly included in the Taxonomy Regulation which, in light of checking the technical screening criteria, could contribute substantially to climate change mitigation or adaptation;
- **Non-eligible:** activities not included in the Regulation.

As regards the individual objectives, the European Climate Law sets out the technical screening criteria for the **mitigation** and **adaptation** objectives in Annex 1 and 2, respectively. The climate change mitigation objective aims to reduce the quantity of greenhouse gas in the atmosphere. A company pursuing this objective should ensure that its economic activity contributes substantially to the stabilisation of greenhouse gas emissions. The climate change adaptation objective aims to reduce the adverse impact of the current or expected future climate, or the risks of such adverse impact, whether on that activity itself or on people, nature or assets.

The eligible activities for the two objectives were classified, where possible, in line with NACE, the general classification system used in EU countries to standardise the definition of economic activities, as well as the description of the various activities set out in the two delegated acts. The FS Italiane group companies identified, where possible, their eligible activities "by NACE code" and by the description of each activity, aware of the fact that the delegated acts state that the NACE code is to be used solely as a guide and is secondary to the specific definition of the activity.

Accordingly, in identifying the eligibility of an activity for either of the two objectives, the companies assessed the economic activity by its actual characteristics and using the core business criterion. In fact, the economic activities described in the technical screening criteria do not always match a specific NACE code or can be associated with more than one code.

As mentioned above, the European Commission subsequently added another delegated act (Delegated Act on Taxonomy article 8) to the European Climate Law to complete the regulatory framework regarding the disclosure obligations under Regulation (EU) 2020/852. Under such delegated act, companies are required to disclose three KPIs, as follows:

- the proportion of **turnover** derived from products or services associated with environmentally sustainable economic activities (**turnover KPI**);
- the proportion of **operating expenditure** related to assets or processes associated with environmentally sustainable economic activities (**OpEx KPI**);
- the proportion of their **capital expenditure** related to assets or processes associated with environmentally sustainable economic activities (**CapEx KPI**).

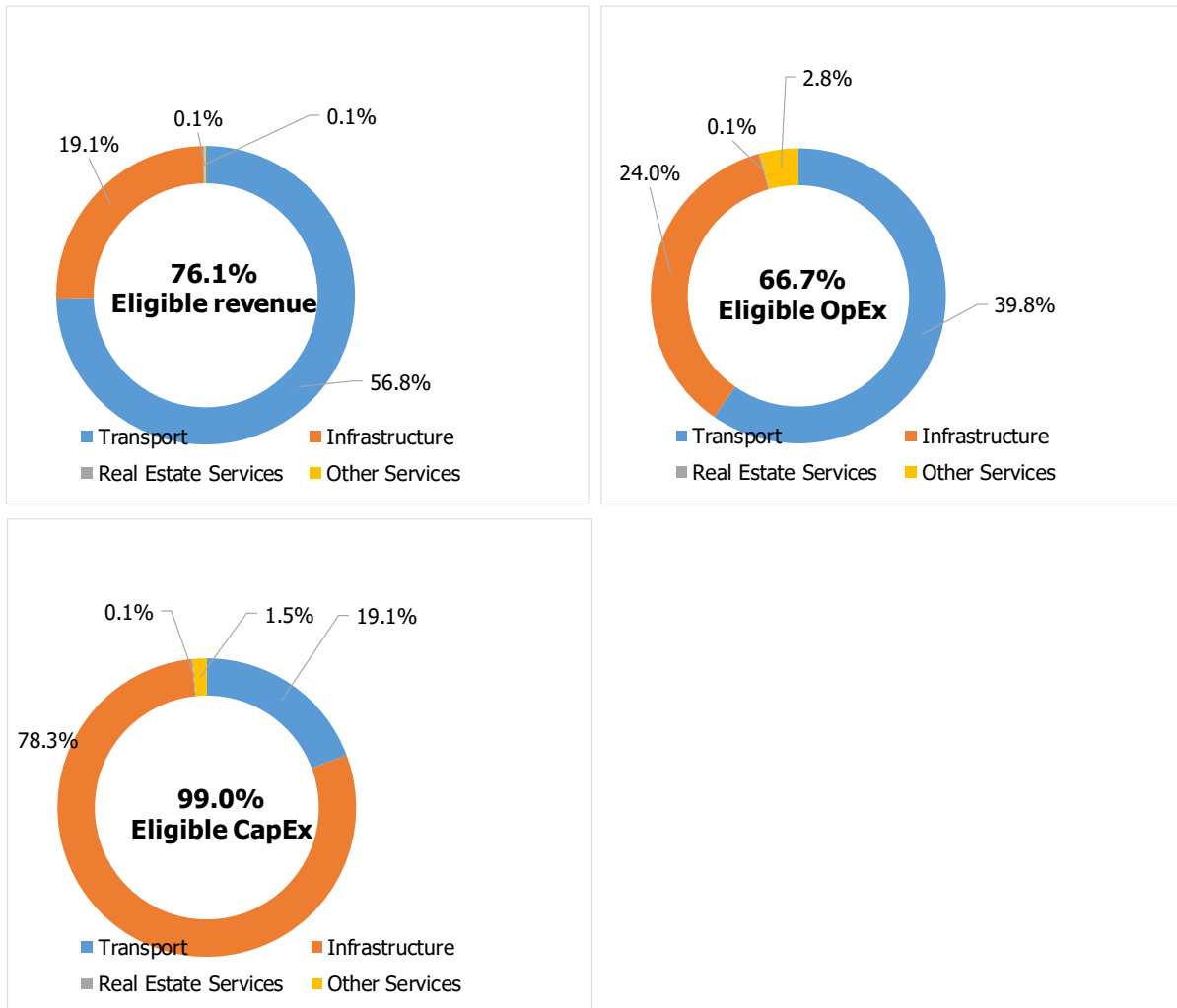
The group's turnover KPI was calculated as the ratio between the proportion of turnover derived from products or services associated with taxonomy-aligned economic activities to total consolidated revenue ("Revenue and income").

The OpEx KPI was calculated as the ratio between operating expenditure related to eligible activities, with the exception of indirect costs, to total consolidated operating costs ("Operating costs"). Indirect costs broadly refer to general costs, central services and costs related to staff and personnel not directly involved on the activities.

The CapEx KPI was calculated as the ratio between capital expenditure capitalised during the year related to eligible activities to the total capital expenditure (calculated using the criteria set out in point 1.1.2.1 of the delegated act). Specifically, the denominator covers "*additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator shall also cover additions to tangible and intangible assets resulting from business combinations.*" The group also decided to provide separate disclosure of investments made via special purpose entities.

The graphs below summarise the KPIs of the group and its four operating segments (Transport, Infrastructure, Real Estate Services and Other Services) regarding turnover, OpEx and CapEx related to eligible activities for the mitigation and adaptation objectives and related to non-eligible activities, as per Regulation (EU) 2020/852.

FS ITALIANE GROUP – TURNOVER, OPEX AND CAPEX FROM ELIGIBLE ACTIVITIES AND BY SECTOR



As per the “Platform considerations on voluntary information as part of Taxonomy-eligibility reporting” published by the Platform on Sustainable Finance, details on turnover, opex and capex related to eligible activities are provided in the tables below.

The group’s activities are eligible for the following Taxonomy sectors:

- Transport;
- Construction and real estate;
- Information and communication.

Eligible turnover

| Taxonomy activity | % |
|---|-------|
| 6.1 Passenger interurban rail transport | 58.6% |
| 6.2. Freight rail transport | 9.9% |
| 6.3. Urban and suburban transport, road passenger transport | 7.3% |

| | |
|---|---------------|
| 6.6. Freight transport services by road | 0.0% |
| 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities | 0.3% |
| 6.11. Sea and coastal passenger water transport | 0.0% |
| 6.14 Infrastructure for rail transport | 21.6% |
| 6.15 Infrastructure enabling low-carbon road transport and public transport | 2.1% |
| 7.2. Renovation of existing buildings | 0.0% |
| 7.7. Acquisition and ownership of buildings | 0.2% |
| Total turnover from eligible activities | 100.0% |

Eligible opex

| Taxonomy activity | % |
|---|---------------|
| 6.1 Passenger interurban rail transport | 41.7% |
| 6.2. Freight rail transport | 10.8% |
| 6.3. Urban and suburban transport, road passenger transport | 8.0% |
| 6.6. Freight transport services by road | 0.4% |
| 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities | 0.3% |
| 6.11. Sea and coastal passenger water transport | 0.2% |
| 6.14 Infrastructure for rail transport | 35.0% |
| 6.15 Infrastructure enabling low-carbon road transport and public transport | 2.5% |
| 7.2. Renovation of existing buildings | 0.1% |
| 7.7. Acquisition and ownership of buildings | 1.1% |
| 8.1. Data processing, hosting and related activities | 0.0% |
| 9.3. Professional services related to energy performance of buildings | 0.0% |
| Total opex from eligible activities | 100.0% |

Eligible capex

| Taxonomy activity | % |
|---|-------------|
| 6.1 Passenger interurban rail transport | 17.3% |
| 6.2. Freight rail transport | 1.3% |
| 6.3. Urban and suburban transport, road passenger transport | 0.6% |
| 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities | 0.1% |
| 6.11. Sea and coastal passenger water transport | 0.0% |
| 6.14 Infrastructure for rail transport | 80.4% |
| 7.2. Renovation of existing buildings | 0.2% |
| 7.3. Installation, maintenance and repair of energy efficiency equipment | 0.0% |
| 7.7. Acquisition and ownership of buildings | 0.0% |
| 8.1. Data processing, hosting and related activities | 0.1% |
| Total capex from eligible activities | 100% |

The group also made fully eligible investments via the SPEs TELT and BBT.

Research, development and innovation

Development activities

The group's development activities generated investments of roughly €14.5 million, mostly incurred by RFI S.p.A., with around 64% of these investments earmarked for traffic safety technologies, 33% for studies and testing on new components and systems, while the remainder was for innovative diagnostics and environmental and land protection.

In 2021, RFI began activities related to:

- the structural inspections of the supports and foundation blocks for 3kVcc electric traction lines and the analysis of work to upgrade the electrical power of lines for heavy freight trains;
- the structural monitoring of bridges and railway viaducts, with the implementation of finished element numeric models and calibrated, validated AI algorithms that describe the static and dynamic behaviour of the bridges and viaducts;
- the assessment of conformity with the interoperability technical specifications for people with reduced mobility (ITS-PRM) for the project and the prototype of pavement ramps to help people with reduced mobility board trains. The design standard was therefore adopted for the in-sourced production of ramps at the RFI workshops in Carini, which made the first 25 pavement ramps.

In addition, work continued on development projects launched in previous years, including:

- creation of a "R&D technological demonstrators" centre for excellence which concentrates all RFI's know-how in all technological fields relating to railway signalling and telecommunications;
- construction of civil parts, the superstructure, electric traction plants, technologies and the buildings for commercial operations at the San Donato circuit, the site where RFI tests rolling stock before it is placed in service;
- development of an information system named RAMSES to forecast short and strong weather events, concentrated in limited areas of the infrastructure. Using the data from the pluviometric network and radar data from the national civil protection service, this system can provide helpful information on weather events on specific railway sections during weather alerts;
- monitoring systems on the structure of railway bridges and viaducts: further development of the BMS Domus system with the collaboration of the University of Trento, in relation to the guidelines on the monitoring of bridges published by the Higher Council for Public Works (CSLP);
- development of an acoustic motor for the acoustic simulation software (INAC 3D) for the European mapping named "IN agglomerate" (i.e., all the railway lines included in the urban agglomerates with more than 100 thousand residents), after the preliminary design was completed. In 2022, the "OUT agglomerate" map will be prepared, along with the action plan for the "IN agglomerate" map.

Anas' main activities in the year related to:

- the performance of crash tests on hybrid III anthropomorphic mannequins with instrumentation to test the forces to which motorcycle riders are subjected on impact with the Anas H4STDSM traffic divider;
- the design of three new Anas guardrails and specialised calculation for the executive dimensions to pass the crash tests in compliance with UNI EN 1317 parts 1 and 2 (Anas guardrail and dimensions project - passive safety systems);
- the supply of satellite data on vehicle mobility in the province of Catania (RAFAEL project for the development of a sophisticated system to analyse and forecast the risk of natural disasters and potential impacts on services and people);
- the effectiveness and efficiency assessment of road run-off water treatment systems and the purchase of experimental equipment and services to monitor pollutants in run-off water in order to assess the effectiveness and efficiency of the equipment and control procedures in various environmental and urban contexts (street water project);

- the identification, standardisation and customisation of noise dampening barriers equipped with their own visual appearance identifying Anas.

Research

In 2021, despite the singular conditions created by the public health emergency, the FS Italiane group and, in particular, RFI S.p.A., continued consolidating the key activities undertaken in previous years in the performance of the application contracts under the research master agreements signed in 2018.

In addition, 54 new master agreements were signed in 2021 with the departments of the most prestigious Italian universities and national research centres (embedded systems, software engineering for railway applications, mechanical, diagnostics and electrical traction solutions and IT and electronics) and ergonomics and risk analysis and assessment as well.

The research activities covered by the master agreements mean the innovation and safety upgrade requirements can be identified and conveyed to technological partners and suppliers, and the technological upgrade processes within RFI can take shape, with positive impacts in terms of new skills for human resources and the possibility of future patents for technological equipment and devices, with the consequent generation of value and development of in-house know-how.

The main projects that continued in 2021 include:

- RFI platform project: this project began in 2018 in response to the need to standardise the control devices in the station (central computerised devices) and to significantly reduce the cost of implementing the ERTMS and the cost of plant maintenance.
- Quantum Key Distribution (QKD): this is a technology to generate intrinsically secure encryption keys through single-photon pulses of light. The project was kicked off in 2019 and test sessions were conducted in 2021 at the Bologna San Donato testing circuit.
- Light drone: In 2021, three patent applications were filed for the "light drone" invention and the European extension of this industrial invention was filed. This system consists of developing a light, smart self-driving railway car that can reach a highly-autonomous maximum speed of 100 km/h equipped with integrated laser system technology, AI and computer vision. It will be capable of detecting any obstacles that might have been mistakenly left on the tracks during railway works. In 2021, the construction phase of the technological demonstrator was concluded and it was tested at the Bologna San Donato testing circuit.
- Unmanned railway vehicle (URV) project: the objective of this project is to develop a self-driving railway vehicle with a maximum speed of 200 km/h and two hours of autonomy, which can detect irregularities on the HS lines with a potential impact on infrastructure safety.
- Automatic train operation (ATO) over ETCS: this project is part of the URV project but its objective is to develop an automatic train operation system that meets the Shift2Rail specifications for trains operating on the network. Trials were carried out in 2021 for the integration of Software in the Loop (SIL) and Hardware in the Loop (HIL).
- IoT sensors for railway infrastructure: this project was launched to develop smart, low-consumption sensors that can easily, reliably and unobtrusively be integrated in the network. The sensors are developed using avant-garde technology in the field of smart materials and optical technology. Two studies continued in 2021, one to test the application of optical fibre sensors on the long welded rail to monitor deformation caused by misshaped tracks (the Smart Rail project) and the other to develop a technological demonstrator to monitor electrical traction infrastructure using sensors and innovative processing techniques that draw on low-cost transducers and sensor nodes with computational capacity for structure monitoring (Low Power ET).

At international level, RFI joined the "Diagnostic Integrated Networks of Satellite and 5G (DINoS5G)" an initiative to integrate 5G and satellite technologies to create predictive maintenance systems. The project was kicked off in January 2021.

Innovation

The public health emergency caused by the Covid-19 pandemic continued to dominate in 2021, although the country saw a gradual recovery of production and interaction in the year.

International affairs, already a key area for the group considering the NGEU package, which led to the country's National Recovery and Resilience Plan approved in July 2021, became even more significant and strategic as a consequence of the activities with trade associations and European institutions to define the future of European research in digitalisation, mobility and integrated logistics. The FS Italiane group was named funding member of the Europe's Rail Joint Undertaking, the largest research and development programme co-financed by the EU for the next seven years, in which the FS Italiane group will invest €31 million in kind.

The FS Italiane group participated in research and innovation activities funded by the European Union through global consortia with over 100 partners including universities, research bodies, industry and sector operators. The portfolio of projects under way in 2021, chiefly focused on multimodal mobility, safety and aerospace technologies for monitoring infrastructure and signalling, received €72.8 million in EU funds over their lifespans, of which roughly €2.5 million allocated to the FS Italiane group.

In addition to the activities carried with trade associations and European institutions, the group has also been very active in interactions with startups and innovative small and medium-size companies: in 2021, scouting was structured to improve the quality of innovative solutions of potential interest, in order to increase the success of the co-innovation proof of concept (PoC) projects.

In addition, 17 internal communication campaigns were launched to promote the Open Innovation culture among employees, along with 23 external communication campaigns to strategically position the group in innovation topics of interest.

Moreover, the group received the Smau Innovation award and participated in 20 major innovation events in person and remotely.

The Innovation Hub network, supporting all FS Italiane innovation processes, has expanded with the opening of the Catania hub, in the wake of Rome and Naples. The Catania hub will focus on digital and energy aspects with the support of Tree, an open innovation and communication company. Located at "Isola", a space inside Palazzo Biscari - the historic palace considered a UNESCO world heritage site - near the FS Italiane station and the port, the hub boasts an open, hyper-connected area with opportunities to share and trial innovative projects where talented innovators, startups and businesses can meet and put their know-how and experience together for positive impacts in the areas of interest.

As can be seen, the group looks out to world beyond, searching for stimuli and partners for innovative solutions, but also looks to its own world through corporate entrepreneurship programmes. The second edition of "Innovate" focused on sustainability was held in 2021. Over 3,500 employees actively participated in the programme and five innovative projects run by intercompany teams were proposed via a flexible accelerator programme.

The winning project was SafeME: a badge holder for on-board train crew and drivers which enables workers in dangerous situations to make immediate contact with the control room (or emergency officer).

Furthermore, the third edition of "Innovate" was planned in 2021, but the project was postponed due to the ongoing pandemic and the objective challenges of organising it exclusively online.

Another corporate entrepreneurship initiative that was launched in 2020 ended in December 2021, consisting of a training programme called "Innovation Skill Hub" and meant to stimulate an innovation mindset, turning "white collars into entrepreneurs" by activating a series of specific soft skills among all FS Italiane group personnel and specifically with a target group of top resources.

Context and focus on FS Italiane group

Macroeconomic context

The world economy, struck by the worst recession since World War II due to Covid-19, ended 2021 with both a strong, expected rebound and the insidious uncertainty fuelled by rising inflation and the ongoing public health emergency, as well as the geopolitical turmoil caused by the diplomatic and military crisis between Russia and Ukraine.

On the world stage, economic activity continued to expand, albeit at a more moderate rate towards the end of the year, particularly due to the persistent bottlenecks in the supply chain. The recovery has been more or less intense across different regions, mainly due to the differences in the coverage of vaccination campaigns.

These campaigns were a crucial lever in overcoming the most acute stage of the crisis, but while advanced countries rolled out immunisations at a rapid pace, including booster shots, most developing countries faced a lack of available vaccines.

Moreover, the pandemic resurged at the end of 2021 with a new and more contagious variant named Omicron, compelling certain countries to reimpose restrictions that penalised the economy. In Austria and the Netherlands, for example, full lockdowns were ordered to halt the rapid rise in infections.

One direct consequence of the restrictions was mismatched supply and demand, as demand for goods was growing. This triggered price increases and rising prices for food and energy, particularly gas and electricity, coupled with the shortage of intermediate goods like semiconductors, which drove up production costs, making it more difficult to avoid transferring these higher costs to the final cost of products. Inflation exceeded forecasts, triggering interest rate hikes in certain emerging countries and leading to the tapering of monetary support policies in 2022, particularly in the United States and the European Union.

According to the most recent estimates released by Prometeia (December 2021), global GDP growth in 2021 was 5.8%, with emerging economies posting greater growth than industrialised nations.

Despite the slowdown in recent months due to procurement difficulties, world trade showed an average annual increase of 8.6% on 2020.

The sudden jump in demand, combined with the critical issues experienced in international logistics and supply shortages, had a dramatic impact on raw materials prices, with oil prices rising far above pre-pandemic levels, driven by the global recovery and recourse to oil in place of natural gas, as the price of the latter rose. The Brent price, which at the start of 2021 was just under USD52 per barrel, was nearing USD83 at the end of November, and stood at around USD71 at year end.

| International trade data | 2021 | 2020 |
|--|------------|--------------|
| GDP (% change on previous year) | | |
| World | 5.8 | (3.2) |
| Advanced countries | 4.9 | (4.6) |
| US | 5.6 | (3.4) |
| Japan | 1.5 | (4.8) |
| Eurozone | 5.2 | (6.5) |
| Emerging countries | 6.2 | (2.3) |
| China | 8.1 | 2.1 |
| India | 8.6 | (6.6) |
| Latin America | 4.1 | (7.1) |
| International trade | 8.6 | (5.2) |
| Oil (USD per barrel) | | |
| Brent | 70.9 | 43.3 |

Source: *Prometeia, December 2021*

The economic recovery in the United States gradually weakened over the course of the year against a backdrop of supply chain disruptions and a spike in Covid infections due to the Delta variant. The number of cases rose at the start of the third quarter, triggering a drop in consumer confidence and a downturn in household consumption. Moreover, with unemployment benefits back to pre-pandemic levels, the disposable income of households in the second half of 2021 was down in real terms. Amidst rising inflation³¹ and low unemployment, the Fed veered towards a more restrictive course, speeding up the tapering of asset purchases and hinting at interest rate hikes in 2022. GDP growth stood at 5.6% at year end.

Japan saw signs of economic recovery near the end of the year, having grappled with difficulties in procurement and sea transport in particular in the first half. The jump in the infection rate at the start of the summer and another extension of the state of emergency had a negative impact on mobility and consumption. In September, following a steady drop in the number of infections, consumption began recovering to some extent and the economy approached a more widespread recovery at the tail end of the year, driven by accommodative fiscal policy. GDP growth was 1.5% in the twelve months.

In China, after the strong rebound in the first half of 2021, the economy slowed in the second half with the return of Covid-19 infections and the authorities' draconian response, impacting mobility and consumer confidence. On the production side, manufacturing chain difficulties were compounded by the government's restrictions on energy consumption, which froze operations at certain production sites, leading to temporary closures in some cases. The slowdown in the real estate sector, which suffered the harsher conditions for access to credit, was another weakness. In this context, exports remained the largest economic driver, with nearly double-digit growth in the second half of the year. GDP growth for the year was 8.1%, confirming China's predominant position in the world economy.

GDP in the major Eurozone countries showed a robust rebound in the second quarter and economic activity continued expanding at a fairly strong pace into the summer thanks to tourism and domestic demand, particularly for services. The recovery in household consumption was tied to high vaccination rates, lessened fears of infection and the easing of Covid restrictions and was bolstered by the drop in the savings rate. The growth driven by services more than offset the slowdown

³¹The seasonally-adjusted US consumer price index (CPI) peaked in November 2021 at 6.9%, a level not reached since the early 1980s.

in industrial activity, with bottlenecked supply. Another wave in the pandemic led to tighter restrictions from the start of the fourth quarter of 2021 and a drop in mobility in the last few months of the year, slowing economic growth considerably as the year came to a close.

The comparison of European countries shows Italy and France with above average GDP growth of 6.5% and 6.7%, respectively. Spanish GDP growth was 4.3%, while Germany saw more contained growth of 2.8% in 2021.

Inflation in the Eurozone was 2.5%, up significantly on 2020.

| Eurozone economic data | 2021 | 2020 |
|--|-------------|-------------|
| GDP (% change on previous year) | | |
| Eurozone | 5.2 | (6.5) |
| Germany | 2.8 | (4.9) |
| France | 6.7 | (8.0) |
| Italy | 6.5* | (9.0) |
| Spain | 4.3 | (10.8) |
| Inflation (% change on previous year) | | |
| Eurozone | 2.5 | 0.3 |
| Germany | 3.1 | 0.4 |
| France | 2.1 | 0.5 |
| Italy | 1.9* | (0.2)* |
| Spain | 2.9 | (0.3) |

Source: *Prometeia, December 2021*

*source ISTAT, January 2022

GDP growth in Italy was particularly strong in the second and third quarters of 2021 (+2.7% and +2.6%, respectively). This trend, which made it possible to further recover the downturn in the first half of 2020, was a reflection of the robust performance of domestic demand and the positive, albeit less intense, improvement in foreign demand, with no positive contribution from stocks. The recovery in household consumption and capital expenditure drove the upswing in domestic demand, while foreign demand owed its trend to the excellent performance of service exports.

On the supply side, construction and manufacturing performed brilliantly, the latter recovering and then exceeding pre-pandemic production levels despite the global difficulties tied to the shortage of components and the price increases of intermediate inputs. The transport vehicle industry faced difficulties in the procurement of semi-finished products - especially semiconductors. This penalised Italy less, which is more focused on producing spare parts, than other countries, like Germany, relatively specialised in high-end cars.

| Italian economic data | 2021 | | | |
|---|--------------|--------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 |
| GDP (% change on previous quarter) | 0.3 | 2.7 | 2.6 | 0.6 |
| Domestic demand | 1.1 | 2.4 | 2.2 | 0.7 |
| Spending by households and private not-for-profits | (1.1) | 5.0 | 3.0 | 0.6 |
| Public administration spending | (0.5) | (0.7) | 0.1 | 0.7 |
| Gross fixed investments | 4.2 | 2.4 | 1.6 | 0.7 |
| Construction | 6.0 | 3.5 | 0.3 | 1.4 |
| Other durable goods | 2.6 | 1.4 | 2.8 | 0.7 |
| Imports of goods and services | 3.3 | 2.5 | 2.1 | 1.6 |
| Exports of goods and services | 0.5 | 3.4 | 3.4 | 0.6 |

Source: *Prometeia, December 2021*

Source: ISTAT January 2022

In the fourth quarter of the year, the sharp rise in infections, the shortage of commodities and high energy prices slowed the Italian economy, which nevertheless closed the year with GDP growth of 6.5% on the previous year. The consumer price index for all of Italy showed growth of 1.9% on 2020. ³²

³² Source: ISTAT, Consumer prices, 17 January 2022.

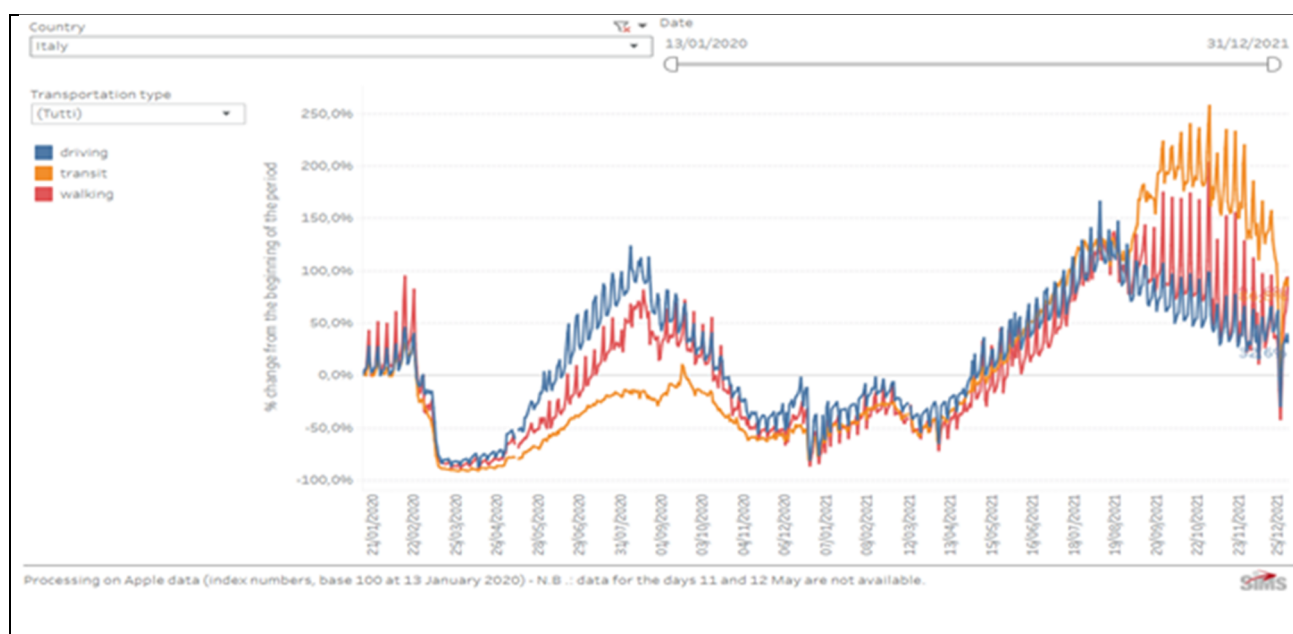
Market performance and focus on FS Italiane group

Market performance

Transport market performance in 2021 was still affected by the ongoing Covid-19 pandemic and the related preventive measures.

In the first few months of the year, with the third wave of the pandemic, Italy faced travel restrictions and limits on mobility that heavily affected the performance of transport activities, although they were looser than in 2020. The public health situation improved significantly in the second and third quarters thanks to the considerable progress of the country's public vaccination campaign³³ and the possible seasonal effect on the spread of the virus. Legislative decree no. 52 of 22 April 2021 marked the start of the easing of restrictions and a strong recovery in economic, tourist and cultural activities, with a massive return to in-person work and school in September. Mobility rates and transport activities gradually returned to pre-pandemic levels, showing particularly strong growth in the summer and early fourth quarter. At the end of the year, the spread of a new and more contagious variant, named Omicron, ushered in the fourth wave of the pandemic and brought with it another round of restrictions (e.g., required super green pass, new obligations for entering Italy from all other countries, limits on the number of people indoors, etc.) with an inevitable impact on mobility.

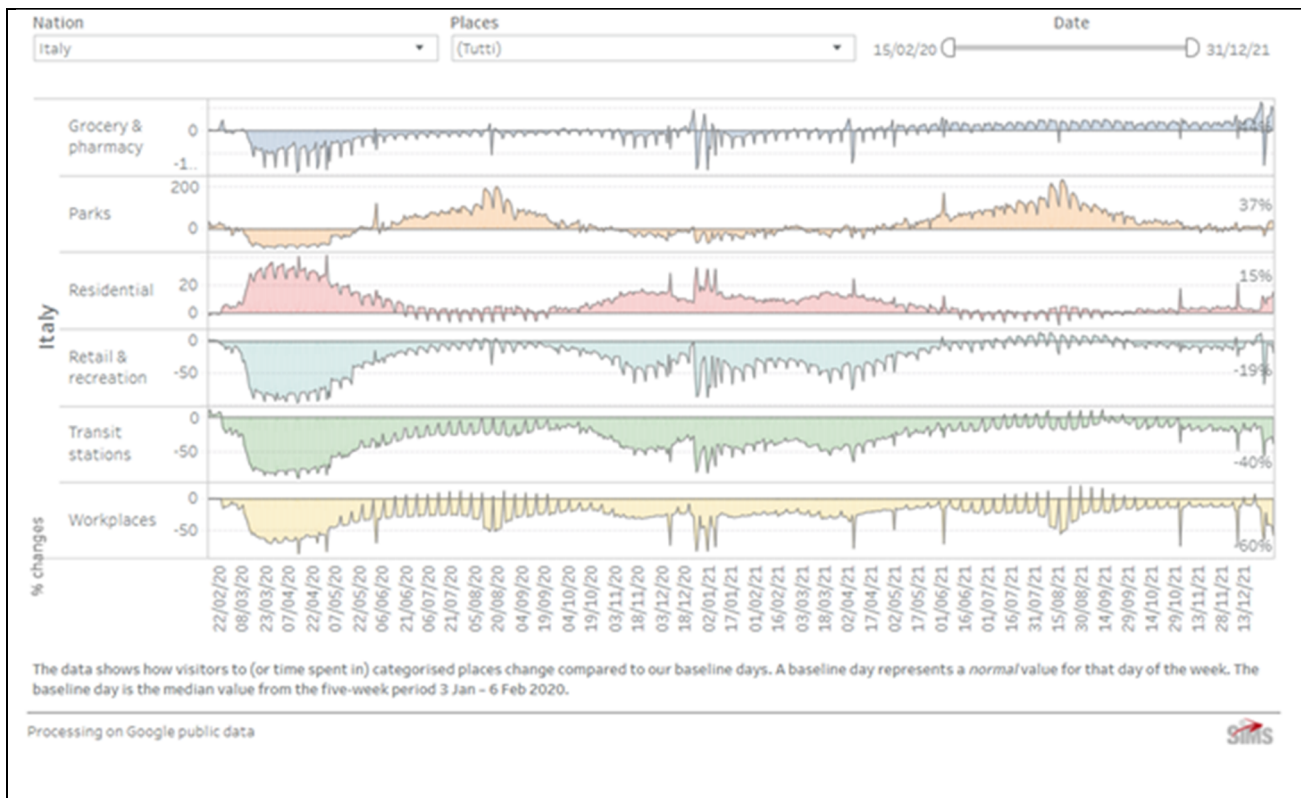
Mobility data based on mobile devices published by Apple and summarised in the chart below show the effects of the containment measures on driving, walking and transit traffic in 2020 and 2021.



After the peak during the third wave of the pandemic in March, with the gradual recovery of economic and social activities in April, all types of transportation picked up decisively, a trend that continued over the summer. In particular, transit seems to have benefited from the rule in place as from 1 September requiring green passes to board long-haul trains, with significant jumps until October. However, travel declined in general in the last two months of 2021.

The chart below, based on the processing of the data in the Google Global Mobility Report, shows visitors to various public places from the start of the pandemic to 31 December 2021.

³³ At 31 December 2021, 80.3% of the Italian population over the age of 5 was vaccinated, and 31.7% had received all booster (Source: ISS).



In the first few months of 2021, people present at workplaces, recreational locations and transit stations were down. In the same period, the number of people present at home was higher than before the public health emergency. As businesses gradually reopened, specifically in April on, visitors to recreational and retail locations, parks and transit stations began to rise, consolidating in the summer. People present at workplaces were also up, with the exception of the summer holidays. At the end of the year, as the pandemic worsened, visitors to recreational locations, transit stations and workplaces dropped.

In the road transport sector, the automatic traffic statistics system "PANAMA" operated by Anas recorded growth of around 15% in the mobility index for all vehicles compared to 2020, with a peak of over +18% in Southern Italy. The growth in the mobility index for heavy vehicles only was approximately 10%, with peaks of close to +12% in Southern Italy and Sicily. Provisional data on Italian motorways operated under concession (AISCAT) show that 75.5 billion vehicle-km travelled on Italian toll motorways in 2021, up 22.9% on 2020, but down 10.8% if compared to 2019. This positive trend regarded both light vehicles (+26% on 2020 and -14.5% on 2019) and heavy vehicles (+15.3% on 2020 and +1.1% on 2019).

Despite the general economic recovery and the roll-out of government incentives for the purchase of low-emission vehicles (Ecobonus), the automotive segment saw slow growth in new car registrations in 2021 due to the disruptions to production that all car makers faced (shortage of semiconductors). Although new car registrations grew by 5.5% on 2020, they were 24% lower than in 2019.

The Covid-19 pandemic heavily affected the entire aviation industry and the initial enthusiasm surrounding the expected recovery in passenger volumes was wiped away in 2021 with the spread of new waves of the virus, compelling many airlines to reduce capacity following international and national restrictions. The most recent data prepared by Eurocontrol show that in the course of 2021, European network traffic reached only 56% of 2019 levels and, according to the growth curve deemed most realistic, the market will return to pre-pandemic breakeven in 2024, an extraordinarily long time for an industry that has always struggled but that is proving to be highly resilient at the same time.

According to data released by Assaeroporti, Italian airports closed 2021 with 80.7 million passengers, up 52.4% on 2020 but down 58.2% on 2019, the last year before the pandemic, when the number of travellers exceeded 193 million. Traffic at Italian hubs was particularly weak in the first five months of 2021, remaining close to the levels of spring 2020 when the complete lockdown was in place. The first signs of recovery were not seen until June 2021 and grew stronger in the second half of the year. On the other hand, freight traffic was encouraging, with the entire freight sector showing growth of 28.6% compared to 2020, approaching pre-pandemic levels (-1.9% on 2019), with nearly 70% of goods transiting through the Malpensa hub.

In 2021, the maritime freight sector suffered difficulties tied to global supply chains, i.e., disruptions in the transport system and refuelling as demand for tech goods exploded after the lockdown, it became difficult to procure raw materials and components (e.g., semiconductors) and there were no empty containers to fill for shipments. In addition, many large ports across the world were shut down for extended periods of time or were slowed by infected workers and clusters of Covid-19. Despite these challenges, Italian ports posted clear growth in 2021.

Gioia Tauro remains the top Italian port by volume of containers handled, with around 3.15 million containers loaded and unloaded in 2021, substantially in line with 2020 (-1.4%). The ports on the eastern Ligurian Sea - Genoa, Savona and Vado Ligure - bounced back strongly after volumes collapsed in 2020 and exceeded the pre-pandemic levels of 2019. In particular, the increase in total containers handled at these ports was 11.3% on 2020 and 4.2% on 2019. Even the La Spezia hub recovered the volumes lost during the pandemic, posting a 17.2% increase on 2020. The ports on the Adriatic - Ravenna and Ancona - showed encouraging growth in 2021, up 9.3% and 5.5% on 2020 respectively, while the Trieste port bucked the trend, with the number of containers loaded and unloaded down 2.4% on 2020.

Thanks to exceptionally positive summer season, the cruise industry finally inverted the negative trend in 2021 and recovered some of the ground it had lost in 2020. The figures are still far from the record set in 2019, but a future of growth can be expected, thanks in part to the considerable investments that the port sector has planned over the next three years. In particular, in Italy over the 2022-2024 three-year period, there are plans for port investments of more than €821 million for cruise ships, infrastructure, dredging and new cruise ship structures and terminals.

Focus on the management of domestic railway infrastructure

The FS Italiane group manages approximately 49 thousand km of railway and road network infrastructure evenly distributed throughout Italy, connecting and integrating the country by improving quality and safety standards.

At 31 December 2021, the domestic railway infrastructure operated by Rete Ferroviaria Italiana S.p.A. (RFI S.p.A.), belonging to the FS Italiane group, based on Ministerial decree no. 138T of 31 October 2000, covers 16,832 km. Based on the classification used to calculate the railway network use fee, pursuant to Ministerial decree no. 43/T of 21 March 2000, the network is comprised as follows:

- fundamental lines with high traffic density, covering 6,486 km;
- complementary lines, which make up a dense network of regional connections and interconnections with the main lines, covering a total distance of 9,396 km;
- hub lines, which are located in major metropolitan areas for a total distance of 950 km.

Of these lines, double tracks account for 7,732.3 km (45.9% of the total), while 12,160.4 km (72.2%) is electrified.

The total track length is 24,564.2 km, including 1,467.2 km of HS/HC network lines.

All lines are equipped with a complete, preventive maintenance system and equipped with one or more innovative train speed protection systems, which makes RFI S.p.A.'s railway infrastructure one of the safest in Europe. In particular, a train speed control system (TSCS) has been installed on 13,038.1 km, which monitors braking space and train performance to determine the safe distance between trains, while the high-speed lines are equipped with a sophisticated European signalling system for more precise traffic management and the ERTMS/ETCS (European Rail Traffic Management System/European Train Control System), a single radio system that makes the network interoperable at speeds of up to 300km/h.

Within the FS Italiane Group, RFI plays a crucial role in the implementation of the infrastructural and technological actions established for the railway sector in the Recovery Plan.

The goal is to bridge the divides and distances between the north and south and between urban and rural areas in the country, increasing railway capacity and connectivity and improving service quality along the main national and regional connections. In particular:

- in the north, the Milan-Venice, Verona-Brenner and Liguria-Alps connections will be strengthened, improving the connections beyond the Alps with significant benefits for the ports of Genoa and Trieste, which are strategic for links with international traffic;
- in Central Italy, the two East-West lines (Rome-Florence-Pescara and Orte-Falconara) will be reinforced, substantially shortening travel times and increasing capacity;
- in the south, the Adriatic line between North and South will be strengthened, completing the Naples-Bari line, shortening the journey by about half, and completing the Palermo-Catania line, shortening the journey by over 60 minutes. Last, the HS line will be extended to southern Italy with the Salerno-Reggio Calabria line, which will significantly cut travel times and create a route for freight trains travelling to the Gioia Tauro port.

In addition to the investments in infrastructure, the Recovery Plan includes updates to the existing safety and signalling systems, enabling an increase in the productivity of the railway infrastructure.

The majority of these technological projects consist of expanding the ERTMS to the entire railway network, improving operating safety and line capacity. As previously indicated, the ERTMS is the technology used on approximately 779.6 km of HS rail to control train distancing, with automatic braking when the trains are too close together.

**LENGTH OF THE RAILWAY NETWORK OPERATED
BY RFI S.p.A. (KM)**

| 2021 | 2020 |
|--------|--------|
| 16,832 | 16,782 |

**TOTAL TRACK LENGTH OPERATED BY RFI S.p.A.
(KM)**

| 2021 | 2020 |
|--------|--------|
| 24,564 | 24,514 |

The “operating” railway companies authorised to carry out rail transport operations by the licence issued by ANSFISA or the European Railway Agency (ERA) under the fourth railway package (Directive (EU) no. 2016/798, implemented in Italy by Legislative decree no. 50 of 14 May 2019) are as follows:

- 19 for freight transport alone,
- 11 for passenger transport alone,
- 7 with a licence for both passenger and freight transport.

An average of around 9,400 trains per day travelled on the national railway network in 2021, for a total annual volume of over 346 million km travelled, up approximately 16% on 2020. The comparison with 2019, before the pandemic, shows a 6.7% decrease.

In addition to the network operated by RFI, the FS Italiane group operates roughly 474 km of Ferrovie del Sud Est lines in Italy. The FSE network, 48 km of which is electrified and which is almost entirely single track, crosses the provinces of Puglia, with eight lines: Bari-Taranto (113 km), Mungivacca-Putignano (44 km), Martina Franca-Lecce (103 km), Novoli-Garigliano (75 km), Casarano-Gallipoli (23 km), Lecce-Gallipoli (53 km), Zollino-Garigliano (47 km) and Maglie-Otranto (19 km), offering approximately 3.6 million train-km in 2021.

Abroad, through its subsidiary Netinera, the FS Italiane group operates lines spanning roughly 300 km with 60 stations set up to serve passengers. Production totalled approximately 40.8 million train-km in the year.

In road infrastructure, as reported earlier, through its subsidiary Anas, the FS Italiane group operates state roads running for approximately 32,000 km, including 1,300 km of motorways.

The pandemic and the consequent containment measures continued to affect road traffic volumes and performance in 2021.

The centralised monitoring system named PANAMA detected a positive trend in total vehicle traffic throughout the main Anas roadway network, with growth of around 15% in the mobility index for all vehicles compared to 2020, whereas growth in the mobility index for heavy vehicles was only approximately 10%.

Focus on the group’s passenger and freight traffic

Regulations and restrictions on traffic to contain the Covid-19 pandemic continued to affect demand and the supply of FS Italiane group services in 2021 and remained a critical factor, as they modified mobility trends for residents and freight.

In this context, again in 2021, the FS Italiane group directed substantial efforts towards protecting the health of people, passengers and employees, continuing to reinforce procedures for the cleaning and sanitising of stations, areas and transport vehicles. In addition to the emergency actions rolled out in 2020, during the 12 months of 2021, the group launched additional initiatives, like setting up free Covid test points at the main stations and installing over 15,000 hand gel dispensers on board HS, Intercity and Regional trains and in the main stations and FRECCIALounges.

Despite the complexities of the pandemic, in 2021, the FS Italiane group played a key role in the transition to sustainable paradigms more focused on the environment, updating the fleet, such as with the new regional trains that are nearly 100% recyclable and reduced energy consumption compared to the previous generation.

Furthermore, at the end of 2021, the FS Italiane group entered the HS market in France, launching a service between Milan and Paris in December, which was smash hit, with two pairs of Frecciarossa 1000 trains per day.

After the gradual easing of containment measures in April, growth in overall mobility led to the recovery of railway traffic volumes, which strengthened in the summer as tourism rebounded, many economic activities reopened and many workers and students returned to in-person work and classes in September. The raising of the permitted load capacity to 80%, even on long-haul trains, and the new requirement that passengers have green passes to board trains, further drove railway traffic, which at the start of the fourth quarter was nearing pre-pandemic levels.

Total railway volumes grew in 2021, for both passenger traffic (passenger-km: +18.5% on 2020) and freight traffic (tonne-km: +5.8% on 2020).

Railway passenger traffic volumes in the year totalled approximately 21.5 billion passenger-km, of which around 85% referred to Trenitalia S.p.A., the leading provider of mobility services in Italy and a top railway operator in Europe. Ferrovie del Sud Est e Servizi Automobilistici S.r.l. (FSE) also contributed to domestic volumes, while the residual volumes were generated outside Italy, in Europe, by the Netinera group, which operates road and railway transport on the local and metropolitan transport market in Germany, by TrainOSE in Greece, Trenitalia c2c Limited, which operates passenger transport in Great Britain between London and Essex, and by Thellò, active up to June 2021 with international connections with France, which became Trenitalia France and in December 2021 launched the new Frecciarossa service in France with connections between Milan, Turin, Lyon and Paris.

Specifically, the long-haul service segment saw 21.1% growth in passenger volumes, both in the demand for commercial services (+19.1%) and the universal services operated under service contracts with the government (+29.7%). The commercial services offered by Trenitalia S.p.A. boasted a 91.2% rate of passenger satisfaction with the overall journey (scores of 7-9 out of 10), an improvement of 1.5 percentage points on 2020, while, in terms of punctuality, 97.1% of trains reached their destination within 0-15 minutes of the scheduled time.

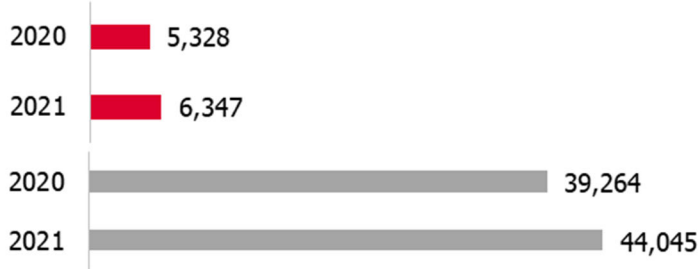
Long-haul service production came to over 71 million train-km, up 18% on the previous year, with commercial services accounting for 44 million train-km and the universal services 27 million. The commercial service offer, which includes Trenitalia S.p.A.'s key business, the Freccie trains, showed growth of 12.2%, while growth in the universal services was 28.8%.

The comparison of long-haul railway transport between 2021 and 2019 (pre-pandemic) continues to highlight even weaker demand due to the restrictions on mobility ordered in the first half of 2021 and the limits on the maximum load capacity allowed on board, which penalised commercial services in particular. Long-haul railway transport saw respective decreases of 56.9% and 25.2% in passenger-km and train-km on 2019.

Long-haul transport traffic - universal service*



Long-haul transport traffic - commercial service*



■ PASSENGER-KM (millions) ■ TRAIN-KM (thousands)

(*) Includes the group subsidiaries' traffic abroad

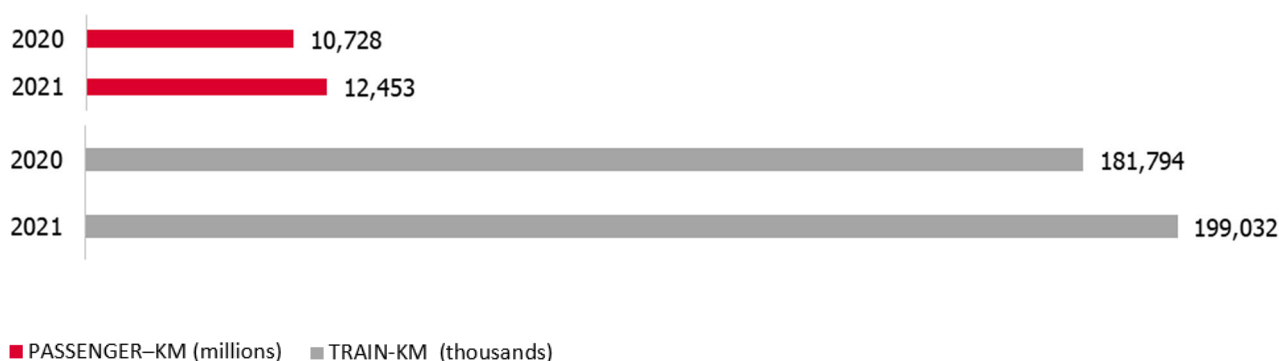
Satisfied demand for regional railway transport approximated 12.5 billion passenger-km in Italy and abroad, up 16.1% on 2020, with production up 9.5%.

Compared to 2019, before the pandemic, regional transport data show respective decreases of 49.5% and 7.5% in passenger-km and train-km. Although to a smaller extent than in 2020, demand was weakened in 2021 by the restrictions on mobility and the limits on the maximum load capacity allowed on board regional trains (80% of approved seats).

Trenitalia S.p.A.'s regional transport business was rewarded for its efforts to ensure adequate connections to meet mobility needs, despite the pandemic, with utmost focus on the safety, health and needs of passengers. This is reflected in customer satisfaction with service quality in 2021, with 76.1% of passengers satisfied with the overall journey (scores of 7-9 out of 10), up 2.3 percentage points on 2020.

Service punctuality also performed strongly, with over 98% of trains reaching their destination within 5 minutes of the scheduled arrival time.

Short-haul transport*



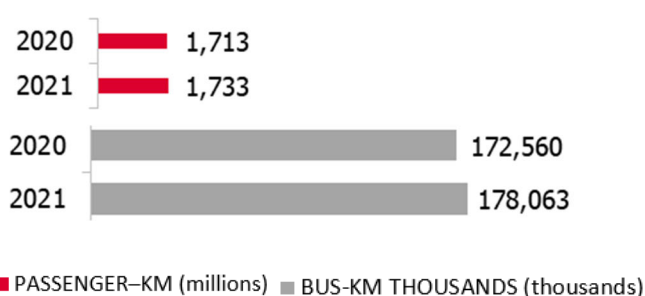
(*) Includes the group subsidiaries' traffic abroad

The FS Italiane group supports the integrated use of urban and suburban rail and road transport services in Italy and abroad and multimodal transport.

In 2021, the FS Italiane group satisfied urban local public transport demand totalling around 1.7 billion passenger-km, slightly up on 2020 (+1.1%), by providing approximately 178 million bus-km (+3.2% on 2020). The scope of the road LPT business is mostly centralised in the subsidiary Busitalia-Sita Nord S.r.l., which directly and indirectly operates urban and suburban transport in various Italian regions (Veneto, Campania, Tuscany and Umbria), in addition to the LPT in the Netherlands through Qbuzz BV. The group's total offer also includes the bus services operated by Ferrovie del Sud Est in Puglia, the Netinera group companies in Germany and certain bus routes operated by TrainOSE in Greece.

Compared to 2019 (pre-pandemic), LPT lost 41% of passenger-km and 14.1% of bus-km in 2021.

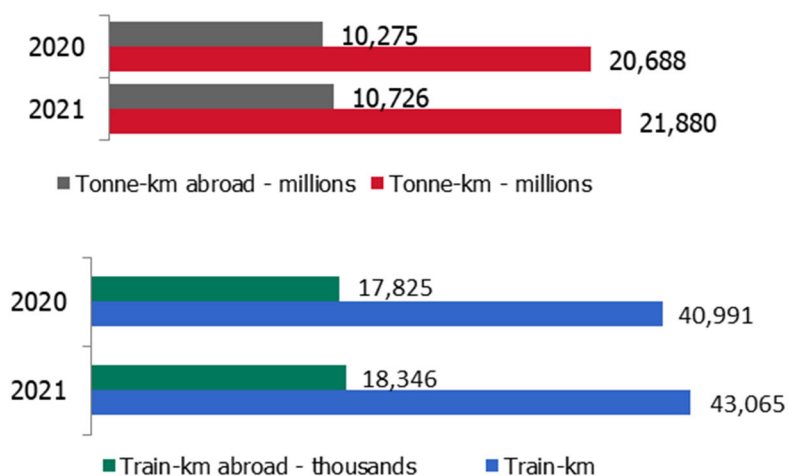
Road transport*



(*) Includes the group subsidiaries' traffic abroad

The economic recovery in Italy, which far exceeded expectations thanks to the robust trend in domestic demand and the jump in exports, drove the freight traffic volumes of the FS Italiane group companies at home and abroad, with tonne-km up to almost €22 billion tonne-km, 5.8% more than in 2020, as production, measured in train-km, saw similar growth. Compared to the pre-pandemic figures of 2019, train-km offered grew by 4.5% while tonne-km remained substantially flat.

Freight transport*



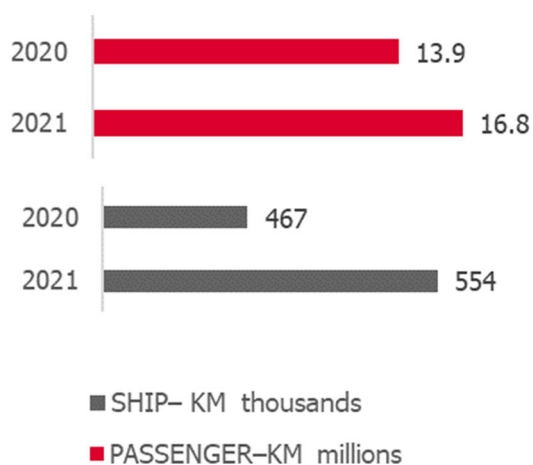
(*) Includes the group subsidiaries' traffic abroad

In addition to railway transport and LPT, to ensure the continuity of railway services throughout the entire country, the FS Italiane group also operates sea connections between the mainland and Sicily, which are currently operated using the subsidiary Blufferies S.r.l.'s bidirectional ships for the transport of passengers, vehicles and goods, and the subsidiary Blu Jet's fast ships. Connections are also operated on Trasimeno lake by the subsidiary Busitalia.

In 2021, the FS Italiane group satisfied demand of approximately 16.8 million passenger-km in this specific segment, up 20.7% on 2020, with a supply of approximately 554.1 thousand ship-km.

Larger volumes of vehicles transported by the subsidiary Blufferies confirmed this recovery trend, with growth of 26.6% and 9.9% respectively in the number of heavy vehicles and light vehicles transported in 2021.

Maritime transport



Traffic of main European railway companies

The European Parliament has designated 2021 the European Year of Rail to promote the use of rail for freight and passengers as a sustainable, innovative and safe means of transport.

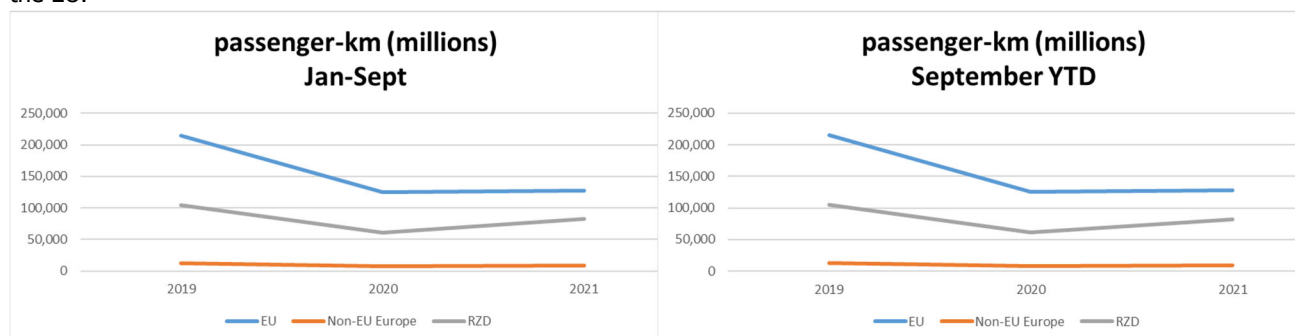
A number of activities were planned in 2021, all on the European continent, to encourage people and companies to use the railways and help achieve the Green Deal target of EU carbon neutrality by 2050. In fact, transport alone accounts for 25% of greenhouse gas emissions in the EU and the railways only produce 0.4% of CO₂ emissions on the continent.

The initiatives included a special train for the European Year of Rail, the Connecting Europe Express, which crossed 26 countries, including Italy, travelling on many of the routes that link countries, businesses and people, highlighting the unifying force of the railway.

2021 was also the first full year of the fourth railway package to create a single, fully-integrated European railway space, making railway sector more competitive and enabling the European Union to encourage the growth of railway transport and bringing it closer to achieving emission reduction targets.

Provisional data released by the UIC (Union Internationale des Chemins de Fer - International Railway Union) shows that in the first nine months of 2021, passenger-km in the EU grew by 2.1% on the same period of 2020. This increase in passenger traffic volumes was mainly due to the excellent performance of SNCF EF and RENFE, which had seen growth in passenger volumes of 20.2% and 20.3%, respectively at the end of Q3 2021, whereas DB AG was still down on the same period of 2020 (-18%).

The comparison with the pre-pandemic volumes for the first nine months of 2019 shows a 40.6% drop in passenger-km in the EU.



Source: UIC – data relating to the associated railway companies * RZD's tonne-km are shown at the right of the chart

With respect to freight traffic, based on the last UIC update for the period from January to September 2021, tonne-km transported in the EU grew by 9.9% on the same period of 2020. Specifically, the trend strengthened in the second and third quarters of the year, reflecting the improvement in the EU economy. Among the major European railway companies, the best performance compared to the first nine months of 2020 was by the French SNCF (+24.4%), Spanish RENFE (+17%) and German DB AG (+10.8%). Among Eastern European operators, the traffic volume recovery of the Polish PKP, (+10%) and Slovak ZSSK Cargo (+25.6%) stood out.

The comparison with pre-pandemic amounts for the first nine months of 2019 shows a 5% decrease in transported tonne-km in the EU.

Developments in European legislation

Developments in EC and European legislation affecting the group are summarised below.

- **Recommendation (EU) 2021/89.** On 28 January 2021, the European Council adopted another recommendation amending Recommendation (EU) 2020/912 on the **temporary restriction on non-essential travel into the EU and the possible lifting of such restriction.** The Council Recommendation establishes that member states should gradually lift the temporary restriction on non-essential travel to the EU as from 1 July 2020 in a coordinated manner with regard to the residents of the third countries listed in Annex I to the Council Recommendation. Every two weeks, the list of third countries referred to in Annex I should be reviewed, and as the case may be updated, by the Council, after close consultation with the Commission and the relevant EU agencies and services following an overall assessment based on the methodology, criteria and information referred to in the Council Recommendation. This Recommendation was published in the Official Journal of the EU on 29 January 2021.
- **Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.** The new instrument, included in the Next Generation EU framework is meant to provide support in dealing with the consequences and negative effects of the Covid-19 crisis in the EU, giving member states direct financial support through an innovative, effective and significant tool that will step up the implementation of sustainable reforms and related public investments in the member states. The reforms and investments under the facility should help make the Union more resilient and less dependent on procurement from third countries, encourage diversification of the main supply chains and strengthen the strategic autonomy of the Union alongside an open economy. The reforms and investments under the facility should also generate European added value.
- **Regulation (EU) 2021/267 of the European Parliament and of the Council of 16 February 2021 laying down specific and temporary measures in view of the persistence of the Covid-19 crisis concerning the renewal or extension of certain certificates, licences and authorisations, the postponement of certain periodic checks and periodic training in certain areas of transport legislation** and the extension of certain periods referred to in Regulation (EU) 2020/698.
- **Commission Implementing Regulation (EU) 2021/435.** On 3 March 2021, the European Commission adopted this implementing regulation, amending Commission Implementing Regulation (EU) No 288/2014 as regards **changes to the models for operational programmes under the Investment for growth and jobs goal** and under the European territorial cooperation goal to provide assistance under the thematic objective 'Fostering crisis repair in the context of the Covid-19 pandemic and its social consequences and preparing a green, digital and resilient recovery of the economy'. This regulation was published in the Official Journal of the European Union on 12 March 2021.
- **Regulation (EU) 2021/523.** On 24 March 2021, the European Parliament and the Council adopted the **Regulation establishing the InvestEU Programme** and amending Regulation (EU) 2015/1017. This Regulation establishes the InvestEU Fund, which shall provide for an EU guarantee to support financing and investment operations carried out by the implementing partners that contribute to objectives of the Union's internal policies. It also establishes an advisory support mechanism to provide support for the development of investable projects and access to financing and to provide related capacity building assistance (the 'InvestEU Advisory Hub'). It further establishes a database granting visibility to projects for which project promoters seek financing and which provides investors with information about investment

opportunities (the 'InvestEU Portal'). In addition, this Regulation establishes the objectives of the InvestEU Programme, its budget and the amount of the European Union guarantee for the period 2021 to 2027, the forms of Union funding and the rules for providing such funding. It was published in the Official Journal of the European Union on 26 March 2021.

- **Commission Implementing Regulation (EU) 2021/541 of 26 March 2021 amending Regulation (EU) 1305/2014** as regards the simplification and improvement of data calculation and exchange and the update of the change control management process. The text constitutes the revision to the technical specifications for interoperability dedicated to telematics applications for freight - STI TAF (Telematic Applications for Freight), formerly Regulation (EU) 1305/2014.
- **Commission Implementing Regulation (EU) 2021/535.** On 31 March 2021, the European Parliament and the Council adopted this Regulation, which lays down rules for the application of Regulation (EU) 2019/2144 of the European Parliament and of the Council as regards uniform procedures and technical specifications for the type-approval of vehicles, and of systems, components and separate technical units intended for such vehicles, as regards their general construction characteristics and safety. This Regulation was published in the Official Journal of the European Union on 6 April 2021.
- **Implementing Decision (EU) 2021/701.** On 27 April 2021, the European Commission adopted this Implementing Decision which corrects Implementing Decision 2011/665/EU on the European register of authorised types of railway vehicles. Commission Implementing Decision 2011/665/EU regarding the interoperability of the European railway system was modified by Implementing Regulation (EU) 2019/776 as regards the alignment of Directive (EU) 2016/797 and the implementation of the specific objectives established by Commission Delegated Decision 2017/1474. This Decision, as adopted, was published in the Official Journal of the European Union on 28 April 2021. The text corrects and updates previous measures relating to the European register of authorised types of railway vehicles. It also governs granting, modifying, suspending or withdrawing the authorisation of a type of railway vehicle in a member state.
- **Regulation (EU) 2021/695.** On 28 April 2021, the European Parliament and Council adopted the Regulation establishing "Horizon Europe" – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) 1290/2013 and (EU) 1291/2013. This Regulation establishes Horizon Europe - the Framework Programme for Research and Innovation (the 'Programme') for the duration of the MFF 2021-2027, sets out the rules for participation and dissemination concerning indirect actions under the Programme and determines the framework governing Union support for R&I activities for the same duration. This Regulation lays down the objectives of the Programme, the budget for the period 2021 to 2027, the forms of Union funding and the rules for providing such funding. It was published in the Official Journal of the European Union on 12 May 2021.

- **Regulation (EU) 2021/782.** On 29 April 2021, the European Parliament and the Council adopted the **Regulation on rail passengers' rights and obligations**. In order to provide for effective protection of passengers and encourage rail travel, this Regulation establishes rules applicable to rail transport as regards transport conditions and the provision of tickets, the liability of railway undertakings and their insurance obligations for passengers and their luggage, passengers' rights in the event of an accident arising from the use of railway services, passengers' rights in the event of disruption, such as cancellation or delay, the handling of complaints. This regulation was published in the Official Journal of the European Union on 17 May 2021.
- **Recommendation (EU) 2021/816.** On 20 May 2021, the European Council adopted this recommendation amending Recommendation (EU) 2020/912 on the temporary restriction on non-essential travel into the EU and the possible lifting of such restriction. This Recommendation was published in the Official Journal of the European Union on 21 May 2021.
- **Regulation (EU) 2021/817.** On 20 May 2021, the European Parliament and the Council adopted this regulation establishing Erasmus+: the Union Programme for education and training, youth and sport and repealing Regulation (EU) 1288/2013. It establishes Erasmus+, the Union Programme for education and training, youth and sport for the period of the Multiannual Financial Framework for 2021-2027. It establishes the objectives of the programme, the budget for the period from 2021 to 2027, how it will be financed by the EU and the rules for the disbursement of funding. This regulation was published in the Official Journal of the European Union on 28 May 2021.
- **Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council** by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.
- **Regulation (EU) 2021/953 of the European Parliament and of the Council** of 14 June 2021 on a framework for the issuance, verification and acceptance of interoperable Covid-19 vaccination, test and recovery certificates (**EU Digital Covid Certificate**) to facilitate free movement during the Covid-19 pandemic.
- **Commission Delegated Regulation (EU) 2021/1444.** On 17 June 2021, the European Commission adopted the regulation supplementing Directive 2014/94/EU of the European Parliament and of the Council with regard to standards for recharging points for electric buses. This regulation was published in the Official Journal of the European Union on 6 September 2021.
- **Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund.** The mechanism will consist of three pillars to financially support the occupational transformations in the EU: 1) a Just Transition Fund, implemented on a competitive basis, 2) a specific regime under InvestEU and 3) a lending instrument for the public sector implemented with the EIB group to deploy additional investments in the affected regions.
- **Regulation 2021/1058 (EU) of the European Parliament and of the Council relating to the European Regional Development Fund (ERDF) and the Cohesion Fund, adopted on 24 June 2021.** Both funds will contribute to the integration of climate actions in policies and the achievement of the general objective of allocating 30% of expenditure in the Union budget to supporting climate targets. To this end, 30% of the ERDF's overall funds and 37% of the Cohesion Fund's overall funds should contribute to achieving these targets. Both funds should support activities that would respect the climate and environmental standards and priorities of the Union and would do no significant harm to environmental objectives within the meaning of article 17 of Regulation (EU) 2020/852 of the

European Parliament and of the Council and ensure the transition to a low-carbon economy on the path that will lead to climate neutrality by 2050.

- **Regulation (EU) 2021/1060 of the European Parliament and of the Council** adopted on 24 June 2021, **laying down common provisions on the ERDF, the European Social Fund Plus (FSE+), the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund (FEAMP)**. Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, the funds should contribute to mainstreaming climate actions and to the achievement of an overall target of 30% of the Union budget expenditure supporting climate objectives. In that context, the funds should support activities that would respect the climate and environmental standards and priorities of the Union and would do no significant harm to environmental objectives within the meaning of article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council. Adequate mechanisms to ensure the climate proofing of supported investment in infrastructure should be an integral part of programming and implementation of the Funds.
- **Commission Delegated Regulation (EU) 2021/1061**. On 28 June 2021, the European Commission adopted Commission Delegated Regulation **extending the reference period of Regulation (EU) 2020/1429 of the European Parliament and of the Council establishing measures for a sustainable rail market in view of the Covid-19 outbreak from 30 June 2021 to 31 December 2021**. This regulation permits member states to authorise infrastructure operators to reduce charges for the use of railway infrastructure, waive them or postpone them in the context of the measures for a sustainable rail market in view of the Covid-19 outbreak and to support railway companies. This Commission Delegated Regulation was published in the Official Journal of the European Union on 29 June 2021.
- **Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) 401/2009 and (EU) 2018/1999 ('European Climate Law')**. Climate action is meant to decouple economic growth from greenhouse gas emissions, involving all sectors of the economy – including energy, industry, transport, heating and cooling and buildings, agriculture, waste and land use, land-use change and forestry, irrespective of whether those sectors are covered by the system for greenhouse gas emission allowance trading within the Union ('EU ETS'). They should play a role in contributing to the achievement of climate neutrality within the Union by 2050 with new roadmaps to make a valuable contribution in assisting sectors in planning the necessary investments towards the transition to a climate-neutral economy and could also serve to strengthen sectoral engagement in the pursuit of climate-neutral solutions. Such roadmaps could also complement existing initiatives, including the European Battery Alliance and the European Clean Hydrogen Alliance, which foster industrial collaboration in the transition to climate neutrality.
- **Decision 1/2021**. On 30 June 2021, the Community/Switzerland Inland Transport Committee adopted the **Decision amending Annex 1 to the Agreement between the European Community and the Swiss Confederation on the Carriage of Goods and Passengers by Rail and Road** and Decision No 2/2019 of the Committee on transitory measures to maintain smooth rail traffic between Switzerland and the European Union. This decision was published in the Official Journal of the European Union on 16 July 2021.
- **Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to articles 19a or 29a of Directive 2013/34/EU** concerning environmentally sustainable economic activities and specifying the methodology to comply with that disclosure obligation.

- **Regulation (EU) 2021/1153. On 7 July 2021, the European Parliament and the Council adopted the regulation establishing the Connecting Europe Facility** and repealing Regulations (EU) 1316/2013 and (EU) 283/2014. This regulation, which entered into force on 1 January 2021, establishes the Connecting Europe Facility ("CEF") for the period of the Multiannual Financial Framework ("MFF") 2021-2027, laying down the objectives of the CEF, its budget, the forms of Union funding and the rules for providing such funding. This regulation was published in the Official Journal of the European Union on 14 July 2021.
- **Directive (EU) 2021/1187.** On 7 July 2021, the European Parliament and the Council adopted the **directive on streamlining measures for advancing the realisation of the trans-European transport network (TEN-T). Its purpose is to help address the difficulties that many investments aiming to complete the TEN-T are confronted with, due to multiple, different and complex permit-granting procedures, and make synchronised and timely TEN-T completion possible through harmonised action at Union level. This directive was published in the Official Journal of the European Union on 20 July 2021.**
- **Commission Implementing Decision (EU) 2021/1730 of 28 September 2021 on the harmonised use of the paired frequency bands 874.4-880.0 MHz and 919.4-925.0 MHz** and of the unpaired frequency band 1900-1910 MHz for Railway Mobile Radio. This decision establishes the harmonised conditions for the availability and efficient use of radio spectrum in the European space. It considers the scenarios of the Future Railway Mobile Communication System (FRMCS) that will succeed GSM-R as one of the essential elements of the European Railway Traffic Management System (ERTMS). It will support railway digitalisation and service innovation.
- **Commission Implementing Regulation (EU) 2021/1903 of 29 October 2021 amending Implementing Regulation (EU) 2018/764 on the fees and charges payable to the European Union Agency for Railways and their conditions of payment.** It establishes the system of fees, charges and commissions levied by the European Agency for Railways on the Railway Companies requesting the issue of single safety certificates and ERTMS approvals, as well as the provision of other services. It sets a specific rate to render available the one-stop-shop ("OSS") under the pre-engagement process and defines all other operational and accounting aspects related to the general invoicing process.
- **Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe.** These undertakings include Europe's Rail Joint Undertaking (ERJU), the new joint railway undertaking between the founding members, including the FS Italiane group. The objectives of this new joint undertaking include spreading innovative, game-changing technologies (namely DAC and ERTMS) and pursuing the agenda of the European Green Deal (transfer of 75% of freight from road to railway and maritime transport – 75% market uptake).
- **Decision 2/2021 of the Community/Switzerland Inland Transport Committee of 17 December 2021 amending Annex 1 to the Agreement between the European Community and the Swiss Confederation on the Carriage of Goods and Passengers by Rail and Road** and extending the effects of Decision No. 2/2019 on transitory measures to maintain smooth rail traffic between Switzerland and the European Union [2022/308] to 31 December 2022.
- **Decision (EU) 2021/2316 of the European Parliament and of the Council of 22 December 2021 on a European Year of Youth (2022).** The European Year should provide further impetus to the resolution of the European Parliament of 15 September 2020 on effective measures to 'green' Erasmus+, Creative Europe and the European Solidarity Corps, which underlined that Erasmus+, through its support for formal and non-formal education, learning

and training and for youth participation activities, is crucial for awareness-raising among Europeans, to encourage them to have an active and informed position on sustainability and relevant policies, including the promotion of synergies with programmes to support sustainable transport like DiscoverEU.

- **Regulation (EU) 2022/312** of the European Parliament and of the Council of 24 February 2022 amending Regulation (EU) 2020/1429 **as regards the duration of the reference period for the application of temporary measures concerning the levying of charges for the use of railway infrastructure** in order to extend the urgent measures to June 2022, with retroactive effect as from 1 January 2022, and to extend the power to adopt delegated acts regarding Covid-19 relief in the railway sector conferred on the Commission until 31 December 2023.
- **European Commission Decision of 2 March 2022, case SA.62394 – authorisation of the scheme granting compensation for damages incurred due to the Covid-19 pandemic to providers of commercial rail passenger services.** On 2 March 2022, the European Commission adopted the decision – yet to be published – authorising expenditure of €687 million to compensate providers of commercial (open access) rail passenger services, i.e. not subject to public service obligations for the damage incurred due to the Covid-19 pandemic in the period from 1 July 2020 to 30 April 2021. In the decision, the aid scheme was declared compatible with the internal market in accordance with article 107(2) of the Treaty on the Functioning of the European Union, which permits aid to make good the damage caused by natural disasters or other exceptional events. The measure subject to the decision – which follows another similar scheme already authorised for the period from 8 March to 30 June 2020 – was implemented nationally in Italy with the following legislation:
 - article 214.3-7 of Decree law no. 34 of 19 May 2020, converted with amendments by Law no. 77 of 17 July 2020, for the period from 1 July to 31 December 2020;
 - article 1.675-678 of Law no. 178 of 30 December 2020 (the 2021 Budget law), for the period from 1 January to 30 April 2021.

- **Directive (EU) 2022/362** of the European Parliament and of the Council of 24 February 2022, **amending Directives 1999/62/EC, 1999/37/EC and (EU) 2019/520, as regards the charging of vehicles for the use of certain infrastructures**. This directive establishes the principles for the harmonisation of the charges applied to road transport providers and the differentiation of excise duties according to vehicle type and polluting emissions, Co2 emissions and impact on roads, to encourage the use of vehicles that are friendlier to the environment and roads and the related industrial and climate transition.

Developments in proceedings initiated by the EU or other European authorities

Developments in the decisions relating to proceedings initiated by the EU or other European authorities affecting the group are summarised below.

- **European Commission Decision C(2021) 1733 final of 10 March 2021, State Aid SA. 59346 (2020/N) – Italy Covid-19: Damage compensation to commercial rail passenger operators**. On 10 March 2021, the European Commission adopted the decision authorising expenditure of €511.1 million to compensate providers of commercial (open access) rail passenger services, i.e. not subject to public service obligations for the damage incurred due to the Covid-19 pandemic in the period from 8 March 2020 to 30 June 2020. In the decision, the aid scheme was declared compatible with the internal market in accordance with article 107(2) of the Treaty on the Functioning of the European Union, which permits aid to make good the damage caused by natural disasters or other exceptional events. The measure subject to the decision was established at national level by article 214.3-7 of Decree law no. 34 of 19 May 2020, converted with amendments into Law no. 77 of 17 July 2020, containing emergency measures on health, labour and economic relief and social policies relating to the Covid-19 epidemiological emergency.
- **European Commission Decision C(2021) 2083 final of 24 March 2021, State Aid SA. 59376 (2021/NN) – Italy Covid-19 - Reduction of track access charges for rail freight and commercial rail passenger services**. On 24 March 2021, the European Commission adopted the decision - published on 6 April 2021 - authorising expenditure of €270 million to support railway undertakings providing commercial passenger and freight transport services through a reduction in the track access charges for the period from 10 March 2020 to 31 December 2020. In the decision, the aid scheme was declared compatible with Regulation (EU) 2020/1429, which permits member states to reduce access charges in a transparent, objective and non-discriminatory way, even in a departure from article 31.3 of Directive 2012/34/EU – and with the EU guidelines for state aid to railway undertakings. The measure subject to the decision was established at national level by article 196 of Decree law no. 34 of 19 May 2020, converted with amendments by Law no. 77 of 17 July 2020, containing emergency measures on health, labour and economic relief and social policies relating to the Covid-19 epidemiological emergency.
- **European Commission Decision of 9 June 2021, State Aid SA. 62762 - Prolongation of the Covid-19 scheme for the reduction of track access charges for rail freight and commercial rail passenger services**. On 9 June 2021, the European Commission adopted the decision - published on 14 July 2021 - which extended the reduction in the railway infrastructure access charge previously authorised for the period from 10 March 2020 to 31 December 2020 to the period from 1 January 2021 to 30 April 2021, in order to support railway undertakings providing commercial passenger and freight transport services. The measure subject to the decision was established at national level by article 1.679-680 of Law no. 178 of 30 December 2020 (2021 Budget Act) through an allocation to be disbursed to RFI totalling €150 million for the period from 1 January 2021 to 30 April 2021 (€20 million for 2021 and €10 million annually from 2022 to 2034).

- **European Commission Decision of 14 September 2021, State Aid SA. 63652 (2021/NN) - Second prolongation of the Covid-19 scheme for the reduction of track access charges for rail freight and commercial rail passenger services.** On 14 September 2021, the European Commission adopted the decision - still being published - which extended reduction of railway infrastructure access charges previously authorised for the periods from 10 March 2020 to 31 December 2020 and from 1 January 2021 to 30 April 2021 to the period from 1 May 2021 to 30 September 2021 as well, in order to support railway undertakings providing commercial passenger and freight transport services. The measure subject to the decision was established at national level by article 73.4-5 of Decree law no. 73 of 25 May 2021, converted with amendments into Law no. 106 of 23 July 2021, containing emergency measures for businesses, labour, young people, health and local services through an allocation to be disbursed to RFI totalling €150 million.

Developments in Italian legislation

Developments in Italian legislation affecting the group are summarised below.

- **Decree law no. 172 of 18 December 2020 containing "Additional emergency measures to manage the health risks of the spread of Covid-19", coordinated with the conversion law no. 6 of 29 January 2021.** The Decree law introduced, from 24 December and until 6 January 2021, additional restrictions beyond those already established for 21 to 15 January 2021 under Decree law no. 158 of 2 December 2020 (the provisions of which were transposed into the Decree law no. 172) and the Prime Ministerial decree of 3 December 2020. During holidays and days preceding holidays from 24 December 2020 and 6 January 2021 (24, 25, 26, 27 and 31 December 2020 and 1, 2 and 3, 5 and 6 January 2021), the measures and bans established for the highest-risk zones pursuant to article 3 of the aforementioned Prime Ministerial decree of 3 December 2020 (i.e., the red zones) apply to all area of Italy, while the measures and bans pursuant to article 2 of the same decree (i.e., the orange zones) apply to all areas of Italy on the other days. The text of the decree law was then supplemented with the text of Decree law no. 1/2021, which was consequently repealed.
- **Decree law no. 183 of 31 December 2020 containing "Emergency measures on the legislative, digital connection and decision implementation terms (EU, EURATOM) 2020/2053 of the Council of 14 December 2020 and regarding the United Kingdom withdrawal from the European Union. Extension of the deadline for the completion of the works of the Parliamentary Commission on the events that occurred at the "Il Forteto" community, in coordination with Conversion law no. 21 of 26 February 2021.** In article 13, the decree law provides as follows:
 - paragraph 1-bis, letters a) and b): the amendment of the regulation - introduced with article 8.4.a) of Decree law no. 76/2020 - for the adoption of the progress of works being carried out to defer the deadlines established thereby and set a limit for the payment of the same works progress;
 - paragraph 2.b-bis: the postponement to 31 December 2021 of the deadline – originally 31 December 2020 set by Decree law no. 32/2019 – by which design aspects subject to prior analysis could also be subject to reserves with the consequent extension of the scope of application of the amicable agreement;
 - paragraph 14-bis: the extension until 31 December 2021 or, if earlier, until the date of the appointment of the extraordinary commissioners provided for by Decree law no. 32 of 2019), for the commissionership for the construction of the Naples – Bari railway section and the HS/HC Palermo-Catania-Messina railway line, pursuant to article 1.1/8 of Decree law no. 133 of 2014, which expired on 31 December 2020;

- paragraph 17-bis: the adoption of specific guidelines for railway infrastructure operators and railway companies to ensure safety in railway tunnels by approving the MIT decree adopted jointly the Ministry of the Interior. Pending the entry into force of this decree containing the guidelines, the paragraph postpones until 31 December 2023 the deadline in article 3.8, article 10.2 and article 11.4 of the MIT decree of 28 October 2005, which governs safety in railway tunnels;
- paragraph 17-ter: the amendment to article 53.2 of Decree law no. 1 of 24 January 2012 regarding the design and construction of the national railway infrastructure.

The decree also provides for the extension to the end of the state of emergency and, in any case, not past 30 April 2021, of the legal terms for the measures taken to contain the Covid-19 epidemic.

- **Decree law no. 2 of 14 January 2021, containing "Additional emergency provisions to contain and prevent the Covid-19 epidemiological emergency and the holding of elections in 2021", coordinated with conversion law no. 29 of 12 March 2021.** This decree law extended until 30 April 2021 the right - under article 1.1 of Decree law no. 19/2020 - to adopt with Prime Ministerial decrees Covid-19 containment measures that are potentially applicable throughout the country or in parts of it for predetermined periods of time, each no longer than 50 days, that are repeatable and modifiable even several times. The state of emergency was concurrently extended. Additionally, the expiration date of all freedom-of-movement restrictions within the regions was extended to 30 April 2021 as well, leaving the possibility to implement such restrictions for specific areas in which the pandemic situation was especially severe. Decree law no. 2/2021 also extended from 16 January to 15 February 2021 the travel ban throughout the country into or out of the various regions or autonomous provinces, except for documented work-related reasons, out of necessity or health. A white zone was also established in which regions with "type 1" scenarios, i.e., low risk and a low incidence of infection for three consecutive weeks (less than 50 cases for every 100,000 residents) were categorised. The restrictions under the Prime Ministerial decrees for the yellow, orange and red zones do not apply in the white zones, but activities must be carried out according to specific protocols. This Decree law transposed the contents of Decree law no. 12 (which extended the ban on travel between regions throughout the country from 16 to 25 February 2021) and Decree law no. 15 of 2021 (which extended the ban on travel between regions and the autonomous provinces, previously in place until 25 February 2021 under Decree law no. 12/2021, to 27 March 2021), which were repealed by the same Decree law no. 2/2021 without prejudice to the effects and legal relationships they had when they were in effect.

- Prime Ministerial decree of 14 January 2021 containing "Additional provisions implementing Decree law no. 19 of 25 March 2020," converted, with amendments, by Law no. 35 of 22 May 2020 containing "Emergency measures", Decree law no. 33 of 16 May 2020, converted, with amendments, by Law no. 74 of 14 July 2020 containing "Additional emergency measures to manage the Covid-19 epidemiological emergency" and Decree law no. 2 of 14 January 2021 containing "Additional emergency measures to contain and prevent the Covid-19 epidemiological emergency and holding of elections for 2021".** This decree establishes a new framework of measures to manage the Covid-19 epidemiological emergency with respect to the limitations to personal travel and the opening of economic and recreational activities in force from 16 January to 5 March 2021. It also confirms, regardless of the colour coding of the regions, the maximum loading capacity of 50% for LPT and regional railway transport vehicles at 50% capacity, except for dedicated school transport. Article 11 establishes detailed rules for scheduled public transport, including railway transport, and the related regulation protocols that must be applied (annexes 14 and 15). In addition, for long-haul trains, it confirms interpersonal distancing of one metre on board.
- Interministerial decree of the Minister of Infrastructure and Sustainable Mobility and the Ministry of Economy and Finance no. 61 of 4 February 2021** regarding advances on the resources allocated under Decree law no. 137/2020 and the 2021 Budget Act. Specifically, article 1 set aside as an advance equal to 50% of the maximum limit (€190 million) of the resources allocated under article 22-ter.2 of Decree law no. 137/2020, and 50% of the €200 million under article 1.816 of the Budget Act no. 178 of 30 December 2020, for additional services to be performed in 2021 to meet transport needs as a result of the implementation of the containment measures. Furthermore, it establishes that the resources in paragraph 1, that are not used for additional services, will be considered for the compensation of each region and autonomous province's lost revenue from local and regional public transport from 23 February 2020 to 31 January 2021.
- Table attached to the Prime Ministerial decree identifying the infrastructure projects pursuant to article 4.1 of Decree law no. 32 of 18 April 2019, converted, with amendments, into Law no. 55 of 14 June 2019.** This table contains the identification of further infrastructure projects presenting "*a high degree of design complexity, whose execution or implementation is particularly challenging, presenting complex technical/administrative procedures or having a significant impact on the national, regional or local socio-economic context*", – as required by the first line in paragraph 1 of article 4 of Decree law no. 32/2019 – for the appointment of extraordinary commissioners. The table attached to the table identifies 58 works for a total cost of over €66 billion, of which:

 - 14 relating to roadway infrastructure, for a total cost of around €10.9 billion;
 - 16 relating to railway infrastructure, for a total cost of roughly €46.2 billion;
 - 1 relating to mass rapid transit, for a cost of €5.8 billion;
 - 12 relating to water infrastructure, for a total cost of approximately €1.2 billion;
 - 3 relating to port infrastructure, for a total cost of approximately €1.7 billion;
 - 12 relating to public safety infrastructure, for a total cost of around €0.5 billion.

After the competent commissions of the Chamber of Deputies and the Senate expressed their favourable opinions, the related measures underwent the assessment of legitimacy and consequent registration with the Court of Auditors.
- Decree law no. 22 of 1 March 2021, containing "Emergency provisions on the reorganisation of the ministries' assignments".** This decree renamed the Ministry of transport (MIT) the Ministry of infrastructure and sustainable mobility (MIMS). It set up the Ministry for ecological transition, which took over the duties of the Ministry of

the environment and the protection of land and sea, as well as the energy policy of the Ministry of economic development. Since this new ministry was established, an Interministerial committee for the ecological transition (CITE) was set up under the Prime Ministerial office and is responsible for coordinating national ecological transition policies and the related programming. In addition, the Ministry of Tourism was set up, responsible for programming, coordinating and promoting national tourism policies, relationships with the regions and the tourism sector development projects, as well as relationships with the EU and international bodies with respect to tourism, without prejudice to the responsibilities of the Ministry of foreign affairs and international cooperation, and relationships with trade associations, tourism businesses and consumer associations. The tourism functions previously carried out by the Ministry for cultural assets and activities and for tourism were transferred to the Ministry of Tourism, and the former's name was therefore changed to the Ministry of culture. As delegated by the Prime Minister, the Minister without portfolio for the digital transition, will be responsible for promoting, steering and coordinating technological innovation matters, implementing the Italian and European digital agenda, the Italian ultra-broadband strategy, the digitalisation of the public administrations and companies and the country's digital transformation, growth and transition in the public and private sectors, access to online services, connectivity, physical and virtual digital infrastructures and the national public data strategy. The Interministerial committee for the digital transition (CITD) was also set up, responsible for coordinating and monitoring the implementation of the technological innovation and digital transition initiatives of the various public administrations that would ordinarily be responsible for them.

- **Prime Ministerial decree of 2 March 2021 containing "Additional provisions implementing Decree law no. 19 of 25 March 2020, converted, with amendments, into Law no. 35 of 22 May 2020, containing "Emergency measures in response to the Covid-19 epidemiological emergency", Decree law no. 33 of 16 May 2020, converted, with amendments, into Law no. 74 of 14 July 2020, containing "Additional emergency measures to address the Covid-19 epidemiological emergency" and Decree law no. 15 of 23 February 2021, containing "Additional emergency provisions on travel in the national territory for the containment of the Covid-19 epidemiological emergency".** This decree, which was in force from 6 March to 6 April 2021, superseded the provisions of the Prime Ministerial decree of 14 January 2021. The new decree extended, until 27 March, the protective equipment obligations for respiratory tracts and the physical distancing and safety measures, as well as the bans already in place against travel between different regions or autonomous provinces established by Decree law no. 15/2021 and included in Decree law no. 2/2021 irrespective of the colour of the region or province, with the exception of travel for work, health or other needs. One important change was the definition of a "white" zone in article 7, for regions presenting a type-1 scenario and low risk level due to a weekly rate of infections in the zone of fewer than 50 cases for every 100,000 residents for three consecutive weeks, and in which the measures in Section III of the decree law relating to the suspension or ban on activities for the "yellow" areas no longer apply. With respect to transport, the decree established:
 - load factor of not more than 50 percent on board local public transport and regional railway transport vehicles, regardless of the zone of origin and with the exception of dedicated student transport vehicles (articles 31, 34 and 39);
 - for public transport companies, including long-haul operators, the adoption of extraordinary sanitising measures on the vehicles to be repeated frequently (article 5.1.g);
 - the possibility for the Minister of Infrastructure, according to new organisational or functional requirements, to supplement or modify the "guidelines for informing users and the organisational arrangements for the containment of the Covid-19 outbreak with respect to public transport" in annex 15 and, with the prior agreement of the signing parties, the "shared protocol of regulations to contain the spread of Covid-19 in the transport and logistics sector"

signed on 20 March 2020, with annex 14 (art. 54). Annex 15 confirms physical distancing of one metre on long-haul trains, to be guaranteed using advance seat bookings. As from 1 September 2021, the guidelines prepared by the Ministry of Infrastructure and Sustainable Mobility established that, among other things, the load factor of trains could only be up to 80% of their normal maximum capacity. However, *“maximum capacity on board long-haul trains is permitted if the previous additional requirements are met, exclusively in circumstances where the air is filtered at least every three minutes and highly efficient filters are used, like HEPA with the verticalisation of air flows.”*

The Prime Ministerial decree includes the establishment of a discussion panel with the Ministry of Health, with members representing the higher institute of health, the regions and the autonomous provinces, the Minister of Regional and Autonomous Province Affairs and the technical-scientific committee, tasked with revising or updating, where necessary, the parameters for the assessment of epidemiological risk, also considering any new variants.

- **Decree law no. 30 of 13 March 2021, containing “Emergency measures to address the spread of Covid-19 and relief for workers with young children in remote school or in quarantine”, in coordination with Conversion law no. 61 of 6 May 2021.** This decree law provides for the application of restrictions for a time period between 15 March and 6 April 2021 to reorganise the measures to contain and contrast the Covid-19 epidemiological emergency throughout the country considering the greater spread of the virus and its strains in order to further limit the movement of people and prevent the epidemic from worsening. During this period, the regions and autonomous provinces that are colour coded “yellow” will be subject to the rules for “orange zones” and, for the Easter holidays (3, 4 and 5 April), all of Italy (with the exception of the “white zone”) will be subject to the rules for “red zones”. The sanctions applicable to violations of these rules are established.

For the period from 13 March 2021 to 30 June 2021, the decree law establishes the possibility – which was already provided for, with several differences, for the same periods of 2020 – for employees, with respect to certain circumstances relating to their children, to work from home or, in more limited cases and provided that the work cannot be performed remotely, to take extraordinary paid leave. For cohabiting children between the ages of 14 and 16, one of the parents has the right, until 30 June 2021, to unpaid leave if the aforesaid conditions are met with respect to working remotely for children under the age of 16. In general, these rights do not apply if the other parent does not work or has been furloughed. Furthermore, freelance workers (including those with permanent collaboration arrangements), personnel in the security, defence and public safety sector (including the local police) and employees in the healthcare sector (public or accredited private facilities), may receive - within 30 June 2021 and as an alternative to working from home and the paid or unpaid leave described above - a cheque for the purchase of babysitting or additional services for a cohabiting child under the age of 14, during periods when in-person school has been suspended, the child has Covid-19 or has been ordered to quarantine following contact with an infected person. The paid leave and the cheque are paid by INPS up to a total limit of €299.3 million for 2021. The decree law includes another two provisions with respect to remote working: a general rule relating to the worker’s right to disconnect; and the inclusion of public employees and the introduction of a provision for people whose children have special needs in the legislation which, until 30 June 2021, gives private sector employees with at least one child who has a serious disability the right to work from home.

- **Decree law no. 41 of 22 March 2021, containing “Emergency measures for the support of companies and economic operators, for labour, health and local services in connection with the Covid-19 emergency” coordinated with Conversion law no. 69 of 21 May 2021.** The decree includes an accrual of roughly €32 billion, equal to the maximum amount of the budget slippage already authorised by the Parliament, to strengthen the

instruments containing the spread of Covid-19 infections and the social and economic impact of the prevention measures taken. The other provisions include:

- article 29 (local public transport), which refinanced with another €800 million for 2021, the fund pursuant to article 200.1 of Decree law no. 34 of 19 May 2020, to compensate the lost revenue from passengers as a result of the emergency caused by the Covid-19 pandemic, prioritising the period from 23 February 2020 to 31 December 2020 and, solely for the remaining funds, the period up to the lifting of the limitations on the maximum load factor of vehicles used for public transport services (paragraph 1). Paragraph 3-bis updated article 92.4-bis of Decree law no. 18 of 17 March 2020, extending the ban on the curtailment of fees, sanctions and penalties, even where provided for, by local and regional public transport services due to fewer runs or shorter distances covered by the operators of these services as from 23 February 2020 and until the end of the epidemiological emergency (in any case no later than 31 July 2021);
 - article 6-quinquies (measures to encourage company welfare) which extended the doubling of the IRPEF (corporate income tax) exemption limit, previously in force for the 2020 tax period, for the 2021 tax period for goods and services provided to workers. This limit was raised from €258.23 to €516.46 for the 2021 tax period as well.
- **Decree law no. 52 of 22 April 2021, containing “Emergency measures for the gradual resumption of economic and social activities in accordance with the containment of the Covid-19 epidemic”, coordinated with the Conversion law of 17 June 2021.** This decree law extended the remote working measures in private companies until 31 December 2021 (rather than 31 July 2021 as initially provided for). It is currently being examined by Parliament and has been supplemented to include the reporting of losses incurred by the railway companies due to Covid-19 (already in force with Decree law no. 56/2021) “Emergency measures on legislative terms”, mentioned further on). Therefore, it confirmed the possibility for railway companies to report losses incurred by 15 May 2021 and the deadline for the adoption of the Ministerial decree for the assignment of resources to the beneficiary companies eligible for the grant compensating the losses by 15 June 2021.
 - **Law no. 53 of 22 April 2021, containing “Delegation to the Government to implement the European directive and other EU acts - European Delegating Law 2019-2020”.**

The law delegates the government to implement the directives in Annex A, including:

- Directive (EU) 2019/520 of the European Parliament and of the Council of 19 March 2019 on the interoperability of electronic road toll systems and facilitating cross-border exchange of information on the failure to pay road fees in the Union;
- Directive (EU) 2019/713 of the European Parliament and of the Council of 17 April 2019 on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/JHA;
- Directive (EU) 2019/883 of the European Parliament and of the Council of 17 April 2019 on port reception facilities for the delivery of waste from ships, amending Directive 2010/65/EU and repealing Directive 2000/59/EC;
- Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment;
- Directive (EU) 2019/1936 of the European Parliament and of the Council of 23 October 2019 amending Directive 2008/96/EC on road infrastructure safety management;
- Directive (EU) 2019/1159 of the European Parliament and of the Council of 20 June 2019 amending Directive 2008/106/EC on the minimum level of training of seafarers and repealing Directive 2005/45/EC on the mutual recognition of seafarers’ certificates issued by the member states.

A "Covid clause" will be included for legislation implementing the directives included in Annex A. With this clause, in the adoption of the legislative decrees, the government may also take account of the exceptional economic and social consequences of the Covid-19 pandemic.

In addition to the delegating provisions, this law implements the 38 European directives in Annex A and updates national legislation to 17 European regulations (none of which are of particular importance).

- **Decree law no. 56 of 30 April 2021, containing "Emergency provisions on legislative terms" (not converted into law).** The legislation affected by the measure, as noted above, was included in Decree law no. 52/2021 subject to the Parliamentary examination of the same measure.

- **Decree law no. 59 of 6 May 2021, containing "Emergency measures relating to the Complementary Fund to the National Recovery and Resilience Plan and other emergency measures for investments" in coordination with Conversion law no. 101 of 1 July 2021.** The purpose of this decree law is to approve the National plan for complementary investments to the National Recovery and Resilience Plan. With respect to its content, in article 1 relating to the Complementary Fund to the National Recovery and Resilience Plan:
 - in paragraph 2.c):
 - point 3 on the "strengthening of the regional railway lines" rather than the strengthening of the regional lines - regional lines managed by regions and municipalities;
 - point 4, which now specifies that the resources are earmarked for updating rolling stock "and infrastructure for freight railway transport";
 - point 6, which no longer contains the reference to Anas S.p.A. but generally relates to the implementation of a dynamic monitoring system for the remote control of bridges, viaducts and tunnels "in the primary road network";
 - point 12, which now specifies that the resources assigned to the National Strategy for the Internal Areas to improve road accessibility and safety include "non-routine maintenance for hydrogeological instability, or situations that limit traffic";
 - paragraph 2-bis, which clarifies that at least 50% and 80% of the resources are respectively allocated to the updating of the bus fleets and the strengthening of the regional railway lines as per paragraph 2.c).1/3 to the Abruzzo, Molise, Campania, Basilicata, Calabria, Puglia, Sicily and Sardinia regions respectively to encourage investments in mobility throughout Italy and reduce the infrastructural gap between regions;
 - paragraph 2-ter.b), which clarifies that a part of the resources pursuant to paragraph 2.c).2, assigned for the updating of the ship fleet (€20 million for 2021, €30 million for 2022 and €30 million for 2023) is allocated to the updating or the purchase of ships by RFI for use in ferrying services in the Messina Strait as part of the passenger and freight railway services or for fast passenger ferries. These resources are immediately available when the conversion law of this decree goes into force for the purposes of assuming legally binding commitments;
 - paragraph 2-quer, which specifies that within one month from when the conversion law of the Decree law for the National Recovery and Resilience Plan fund goes into force, the MIMS must approve a ministerial decree to establish the methods for the assignment of a total of €200 million (to update rolling stock and infrastructure for the freight railway transport railway as per paragraph 2.c).4 (€60 million for 2021, €50 million for 2022, €40 million for 2023, €30 million for 2024 and €20 million for 2025). These resources, as clarified in letter a), will be used to finance up to 50% of the purchase of new carriages, engines and vehicles for freight railway transport, including at intermodal terminals, and to finance 100% of the projects to improve the environmentally-sustainable efficiency of RFI sidings;

- paragraph 2-quinquies provides that the resources assigned to the National Strategy for the Internal Areas to improve road accessibility and safety pursuant to paragraph 2.c.12 be used, in order to ensure that the strategy remains effective and sustainable over time, with specific regard to promoting and improving the accessibility of the inland areas, to finance projects to secure and perform non-routine maintenance on the road network of the same areas including to remedy hydrogeological instability or situations that limit traffic. The resources will be allocated in a decree of the MIMS based on specific criteria.

Article 1-bis includes measures simplifying capital expenditure with respect to those in article 1. Article 2, relating to the assignment of resources for the 2021-2027 Development and Cohesion Fund, provides for €5 million for 2022 and €10 million for 2023 and 2024 each, for priority projects to upgrade and strengthen railway hubs and connections in Southern Italy and to develop tourism, historic and archaeological sites. Furthermore, it provides for €10 million for 2022 and 2023 each and €15 million for 2024 to update the private ship fleet used to cross the Messina Strait. The decree law also provides for the financing of HS/HC railway lines, particularly the Verona-Padua (crossing Vicenza) and the Salerno-Reggio Calabria. Finally, it establishes that the report that the government will present to the Chamber of Deputies and the Senate to update them on the implementation of the National Recovery and Resilience Plan must specify the territorial distribution of the programmes and projects.

- **Decree law no. 65 of 18 May 2021, "Emergency measures relating to the Covid-19 epidemiological emergency"**. This decree law, which was later repealed by article 1.3 of Law no. 87 of 17 June 2021, changed the parameters for the colour coding of the regions according to the criteria proposed by the Ministry of Health, to give more weight to the incidence of infections out of the total population and the rate at which hospital beds and intensive care beds are occupied. Furthermore, it made significant, gradual changes to the yellow zones. These changes include, among others:

- from the date when the decree law went into effect, the shortening the curfew, with exceptions for work, necessity or health, originally in place from 10 pm to 5 am, to 11 pm to 5 am. As from 7 June 2021, the curfew was from midnight to 5 am and it was lifted on 21 June 2021;
- the possibility to hold public and private training courses in person starting 1 July.

Article 14 includes provisions on the issue and validity of green passes (certification of Covid-19 vaccination, recovery or negative test result). Green passes are valid for nine months from the date of the vaccination cycle. Furthermore, it established that green passes are issued when the first dose of the vaccine is administered and is valid beginning 15 days after the vaccine is administered and until the date scheduled for the last shot in the cycle.

The content of the decree law, in the parliamentary examination, was converged with the aforementioned Decree law no. 52/2021.

- **Decree law no. 73 of 25 May 2021, containing "Emergency measures related to the Covid-19 emergency for companies, labour, youth, health and local services"**, converted, with amendments, into Law no. 106 of 23 July 2021. This decree law established an allocation of roughly €40 billion using funds made available by the budget slippage authorised by the Parliament in order to strengthen and extend the tools to counter the spread of infections and contain the social and economic impact of the prevention measures that have been adopted. The various norms include, in particular, with respect to transport:

- article 1-septies on the revision of prices for materials in public contracts;
- article 31.7.g, which allocates €5 million in 2021 to Fondazione FS for the losses incurred due to Covid-19;
- article 51 (Emergency provisions regarding local public transport), which added another €450 million to the fund set up with the MIMS to support the provision of additional local and regional public transport services (article 1.816 of

Law no. 178/2020). A separate fund of €50 million was set up with the MIMS, for specific allocations for the mobility purposes specified in points a) and b) of paragraph 7 of the decree law;

- article 72 (Emergency provisions for Anas' functioning) authorising total expenditure of €48.13 million for Anas in 2021 and €25.258 million in 2022. Specifically:
 - o paragraph 1 allocates €35.5 million of the expenditure for 2021 to road traffic safety, monitoring, surveillance, management, security, infomobility and maintenance on the roads in the network of national interest pursuant to the Prime Ministerial decree of 21 November 2019 published in Official Journal no. 22 of 28 January 2020;
 - o paragraph 2 allocates, €12.63 million of the expenditure for 2021 for the purposes of paragraph 1 and to guarantee the maintenance and inspection of the entire network and €25.258 million for 2021 to hire highly specialised personnel;
- article 73 (Emergency measures on transport), paragraphs 4 and 5. Specifically:
 - o paragraph 4 authorises additional expenditure of €150 million in 2021 for RFI to support the recovery of railway traffic and considering the ongoing Covid-19 epidemiological emergency. RFI deducted this allocation from the total net costs of MAP services in order to establish, from 1 May 2021 to 30 September 2021, within the maximum limit of the allocation for the same first period, a reduction in the railway infrastructure access fee of up to 100 percent of the amount exceeding the coverage of the direct cost of providing the railway service in article 17.4 of Legislative decree no. 112 of 15 July 2015 for passenger railway services not subject to a public service obligation and for freight railway services;
 - o in paragraph 5, the decree law establishes that any residual resources, even those resulting from reductions in traffic volumes in the period from 1 May 2021 to 30 September 2021, will be used to compensate RFI for the loss of income from the fee to use the railway infrastructure in the same period.
- article 73-ter (Emergency measures for the railway sector). In particular:
 - o paragraphs 1 and 2 provide for the approval of the 2020 and 2021 update of the 2017-2021 Government Programme Contract - Investments between the MIMS and RFI S.p.A. solely with the favourable opinion of the CIPESS;
 - o paragraphs 3 and 4 authorise expenditure of €40 million for 2021 to encourage the development of the areas affected by the seismic events on 24 August 2016.
- **Decree law no. 82 of 14 June 2021, containing "Emergency measures on cybersecurity, the definition of the national cybersecurity architecture and the establishment of the national cybersecurity agency"**. This decree law, converted, with amendments, into Law no. 109 of 4 August 2021, established the national cybersecurity agency which will promote a culture of cybersecurity in order to raise awareness in the public and private sectors and among civil society organisations about cyber risks and threats. The agency will operate under the responsibility of the Prime Minister and the delegated authority for the security of the republic, as well as in close collaboration with information system for the security of the republic. It will also be charged with:
 - carrying out the duties of the national cybersecurity authority to protect national interests and the resilience of essential government services and functions from cyber threats;
 - developing national prevention, monitoring, surveying and mitigation capabilities to respond to cybersecurity incidents and attacks, including with the Italian Computer Security Incident Response Team (CSIRT) and starting operations at the national assessment and certification centre;

- helping increase the security of the information and communications technology (ICT) systems of the parties included in the national cybersecurity perimeter, the public administrations, essential service operators and digital service suppliers;
- supporting the development of industrial, technological and scientific expertise, promoting innovation and development projects while seeking to drive the growth of a solid national workforce in the field of cybersecurity as part of the strategy of creating national autonomy in this sector;
- acting as the sole national point of contact for public and private entities with respect to security and inspections within the areas of the national cybersecurity perimeter, the security of networks and information systems ("NIS" directive) and the security of electronic communication networks.

Furthermore, the decree law established the Interministerial committee for cybersecurity and gives the Parliamentary committee for the security of the republic special oversight powers.

In addition, as a quick update to European legislation, the government made the agency the Italian coordination centre, which will interface with the recently-established "European centre for cybersecurity in industry, technology and research", helping to increase strategic European autonomy in the sector.

- **Prime Ministerial decree outline identifying additional infrastructure actions to be developed pursuant to article 4.1 of Decree law no. 32 of 18 April 2019, converted, with amendments, into Law no. 55 of 14 June 2019, and the extraordinary commissioners identified for each project.** The decree outline, on which the commissions of the Chamber of Deputies and the Senate expressed their opinion in July, is a second act containing:
 - the identification of further infrastructure actions presenting a high degree of design complexity, whose execution or implementation is particularly challenging, presenting complex technical/administrative procedures or having a significant impact on the national, regional or local socio-economic context, making a commissioner necessary under article 4 of Decree law no. 32/2019;
 - the naming of the commissioners designated for each project.

The table attached to the outline in question lists 44 projects, with a total cost of €12.79 billion. Those of the greatest interest to the group are:

- 15 relating to railway infrastructure, for a total cost of €6.9 billion;
- 18 relating to roadway infrastructure, for a total cost of €4.25 billion.

With respect to railway works, the report accompanying the outline notes that "in certain cases, works functional for access to the locations of the 2026 Milan Cortina Olympics were identified. Furthermore, projects relating to connections with ports and airports, the electrification of railway connections to the south and the updating of the track leading into the cross-border railway tunnel in the new international Turin-Lyon were proposed". The Court of Auditors has not yet registered the related legislation.

- **Decree law no. 89 of 22 June 2021, containing "Emergency measures regarding agriculture and the railway sector".** In article 2 (Urgent provisions for the railway sector), this decree law, which was repealed by article 1.2 of Law no. 106 of 23 July 2021, approves the 2020/2021 update to the 2017-2021 Government Programme Contract - Investments between the MIMS and RFI S.p.A. solely with the favourable opinion of the CIPESS. The content of the decree law, in the parliamentary examination, was converged with the aforementioned Decree law no. 73/2021.
- **Decree law no. 77 of 31 May 2021, containing "Governance of the National Recovery and Resilience Plan and initial measures to strengthen the administrative structures and speed up and streamline procedures".** This decree law, converted with amendments into Law no. 108/2021, contains the governance of the

National Recovery and Resilience Plan and the initial measures to strengthen the administrative structures and speed up and streamline procedures (simplification rules). Governance covers, inter alia, the following areas:

- Steering: the Prime Minister is assigned responsibility for steering the plan. A command centre is established, presided over by the Prime Minister, with the participation on a case-by-case basis of the ministers and parliamentary secretaries to the Prime Minister responsible for the topics addressed at each meeting. The command centre meetings are attended by the Presidents of the regions and the autonomous provinces of Trento and Bolzano when matters of regional or local interest are examined, and the President of the Conference for matters of interest to several regions or provinces. In addition, depending on the topic addressed, the representatives of the implementing bodies and the respective associations and representatives or representatives of the economic and social partnership may also be invited to participate;
- Monitoring and reporting: the central service for the National Recovery and Resilience Plan, set up with the MEF and which represents the national point of contact with the European Commission for the implementation of the plan is responsible for monitoring and reporting on the plan;
- Implementing the projects: the individual implementing bodies are responsible for the operational performance of the projects under the National Recovery and Resilience Plan. They are the central administrations, the regions and autonomous provinces and local bodies based on their specific institutional responsibilities or the different ownership of the projects outlined in the National Recovery and Resilience Plan;
- Replacement powers: if the regions, cities, provinces or municipalities fail to meet their obligations and commitments for the implementation of the National Recovery and Resilience Plan, if the achievement of the interim and final objectives of the National Recovery and Resilience Plan is at risk and upon the proposal of the command centre or competent minister, the Prime Minister assigns the implementing body not more than 30 days to remedy this situation. Procedures are also established if the situation remains in place;
- In addition, the acceleration and streamlining measures and procedures outlined in the decree for the effective and timely implementation of the projects also apply to investments financed through the Complementary Fund to the National Recovery and Resilience Plan;
- Bonuses and penalties for the performance of the contracts related to the National Recovery and Resilience Plan: for the public contracts financed using the resources provided for by the National Recovery and Resilience Plan and the Complementary Fund, there will be "acceleration bonuses" for every day that the project is delivered in advance. There will also be penalties due for delayed fulfilment, ranging from 0.6/1,000 and 1/1,000 per day to be determined according to the entity of the consequences of the delay, up to a maximum of 20 percent of the amount.

On the other hand, with respect to the simplification of the procedures, the decree law also covers the following:

- Simplification of the procedures for high-impact works: this package of measures concerns specific projects; updating the Salerno-Reggio Calabria section to a HS railway line, upgrading the Palermo-Catania-Messina section to HS/HC, the strengthening of the Verona-Brennero line, the dam outside Genoa, the Campolattaro dam in Benevento, the securing and updating of the water system in Peschiera (Lazio) and the reinforcement of the Trieste port infrastructure. To ensure a fast procedure, all the required opinions and authorisations (service conference, environmental impact assessment, archaeological surveys, public debate) were obtained on the same design level, i.e., based on the technical-economic feasibility project the essential content of which will be defined by the Higher Council of Public Works. A special committee within the Higher Council of Public Works will note any changes or integrations to the technical-economic feasibility project that are necessary for compliance with the indications in the opinions and the authorisations;

- Safety of railways and road and motorway infrastructure: ANSFISA's responsibilities and activities are more accurately defined, removing the possibility of any interference or overlap with the activities for safety performed by the concession operators or the operating bodies, the MIMS, the permanent commission for tunnels set up with the Higher Council of Public Works. Specifically, ANSFISA must adopt by 31 January of each year, and for 2021 by 31 August, the annual plan for the supervision of safety conditions on roads and motorways, perform inspections to check maintenance by the concession operators and conduct sample checks on the infrastructure;
- Environmental impact assessment: the decree law reduced the amount of time allotted for the assessment of the environmental impact of the projects that fall under the National Recovery and Resilience Plan, those financed by the Complementary Fund and the projects implementing the national integrated plan for the energy and climate. The maximum term for the procedure will be 130 days;
- Special commission: a specific technical commission for the environmental impact assessment was set up, composed of a maximum of 40 people named by decree of the ministry. They will work full time to ensure efficiency and production capacity;
- Replacement power: if the commission does not act, the managers of the Ministry for ecological transition and the Ministry of culture have replacement power;
- Special superintendency: for the protection of cultural assets and landscapes affected by the National Recovery and Resilience Plan, a special superintendency is set up with the Ministry of culture;
- Sub-contracting: from the date when the decree goes into force and until 31 October 2021, departing from the rules in place setting a limit of 30 percent, the sub-contract may not exceed 50 percent of the total amount of the contract for the works, services or supplies. In any case, it is not allowed to transfer the contract or appoint third parties to perform all services or works covered by it, nor is it permitted to perform most of the work using high-intensity labour. Finally, the sub-contractor must guarantee the same quality and performance standards as those established in the contract and guarantee workers remuneration and conditions that are on par or better than those that the primary contractor would have guaranteed, including the application of the national labour agreements; as from 1 November 2021, any quantitative limit to sub-contracts is lifted but the contracting stations will indicate in the tender documentation the performance or work that must be performed by the winner of the tender given their specificity. Furthermore, such documents must indicate the works for which it is necessary to reinforce the control of work site activities and workplaces and to ensure greater protection of working conditions and employee health and safety and prevent the risk of criminal infiltration, unless the sub-contractors are included in white lists or the anti-mafia register; the primary contractor and the sub-contractor are jointly responsible with the contracting station;
- Public debate: to ensure the more extensive discussion of the works to be constructed, the decree law reinforces the public debate instrument and the activities of the commission set up with the MIMS for discussion with civil society and the local bodies;
- Integrated contract: a single contract is assigned for the design and execution of works in National Recovery and Resilience Plan projects, based on the technical-economic feasibility project. The contract will be assigned based on the most cost-effective bid, which also considers qualitative and economic aspects;
- Transparency and advertising of contracts: all the information relating to the programming, the choice of contractor, the awarding and execution of the works will be managed and transmitted to the data base of public contracts kept by the anti-corruption authority (ANAC) using interoperable IT platforms. The judging panels will generally perform their work using IT platforms and instruments. The database of economic operators has been centralised with the database of public contracts and will be managed by ANAC. A virtual dossier of the economic operator will be created in the new database, and the dossier will include all the data and information necessary

for participation in the tender procedures, making it simpler for the contracting stations to perform checks and controls. They must meet the quality requirements in terms of a documented track record, qualified personnel and adequate technical instrumentation;

- Initial strengthening of the system of contracting stations: pending a more accurate rationalisation, reduction and qualification of the contracting stations, municipalities that are not the capitals of their provinces may not assign contracts for National Recovery and Resilience Plan projects, as they must refer to groups of municipalities, consortia, metropolitan cities, provinces and municipalities that are the capitals of their province;
 - Administrative disputes relating to the National Recovery and Resilience Plan works: in the event of an appeal against the acts relating to the assignment procedures, the provisions of article 125 of the administrative process code concerning disputes relating to strategic infrastructure apply for all the works financed with the National Recovery and Resilience Plan and the Complementary National Plan and the programmes co-financed using the structural funds of the European Union;
 - Anas-FS Italiane synergies: extension of the deadline for the authorisation of the FS Italiane group companies from 31 December 2021 to 30 June 2023, even in a departure from Legislative decree no. 50 of 18 April 2016 (Contracting code), with the exception of the rules that constitute the implementation of the provision of Directives 2014/24/EU and 2014/25/EU, specific agreements in order to benefit from the provision of goods and services from other group companies. Moreover, the decree law also extended the term for Anas S.p.A. to use contracts, including master agreements, entered into by FS Italiane group companies for the purchase of goods and services in the same product category and for the same function, even if not directly instrumental for its institutional operations, from 31 December 2021 to 30 June 2023.
- **Decree law no. 105 of 23 July 2021, containing “Emergency measures to address the Covid-19 epidemiological emergency and ensure the safety of social and economic activities”.** This decree law, converted, with amendments, into Law no. 126 of 16 September 2021, extended until 31 December 2021 the national state of emergency (article 1) and established a series of emergency measures to ensure the safe performance of social and economic activities. It extended until 31 December 2021 the ban on customers of local and regional public transport services from curtailing fees, sanctions or penalties due to service reductions (fewer runs or shorter distances) as from 23 February 2020 as a result of the pandemic (this ban did not apply to long-haul passenger railway transport or to the joint interregional railway services). Furthermore, in article 9, it extended until 31 October 2021 the temporary rules for vulnerable workers, which were initially applicable for the period from 16 October 2020 to 31 December 2020 and were thus extended to the period from 1 January 2021 to 30 June 2021. In particular, paragraph 1 established the extension of remote working for workers with certified serious disabilities and for workers with certification that they are at high risk should they contract SARS-CoV-2, including through their various duties or the performance of specific training activities, even remotely.
 - **Law no. 116 of 4 August 2021, containing “Provisions on the use of semi-automatic and automatic defibrillators”.** The purpose of this law, which went into force on 28 August 2021, is to encourage the progressive presence of semi-automatic and automatic defibrillators in a series of expressly indicated places, i.e., public administration sites and airports, railway stations and ports, on board vehicles for air, railway, maritime and river/lake transport and, in any case, with operators of public services and suburban transport services. The text of the law requires a decree of the Prime Minister to establish a long-term programme that encourages the spread and use of defibrillators and a decree of the Ministry of Health to define the criteria and methods for their installation, encouraging,

where possible, their placement in places that are accessible to the public 24 hours a day.

- **Decree law no. 111 of 6 August 2021, containing “Emergency measures to carry out school, university, social and transport activities safely”.** This decree law, converted, with amendments, into Law no. 133 of 24 September 2021, established, among other things, the rules for the use of green passes to access and use means of transport. In particular, article 2 supplemented the provisions of Decree law no. 52 of 22 April 2021, converted, with amendments, by Law no. 87 of 17 June 2021, identifying the circumstances in which only people with green passes as per article 9.2 of the same decree law could access means of transport and use them in the national territory.

Paragraph 1 provided that, as from 1 September 2021 and until 31 December 2021 (when the state of emergency was set to end), passengers must have a green pass to use certain means of transport:

- a) commercial aircraft for the transport of passengers, both scheduled or unscheduled (e.g., charters and air taxis);
- b) ships and ferries for interregional transport services, with the exclusion of those used for maritime connections in the Messina Strait;
- c) trains used for Intercity, Intercity night and HS railway transport for passengers;
- d) buses used for passenger transport services with an undifferentiated offer, carried out on a continuous or periodic basis over a route that connects more than two regions with previous established itineraries, times, frequencies and prices;
- e) buses rented with drivers, excluding those used for local and regional public transport complementary services.

Considering the obligatory nature of the list in paragraph 1, it is not, however, required to have a green pass to access and use, in Italy, means of transport other than those indicated in the aforementioned paragraph 1, such as, but not limited to: metros and local and regional public transport for passengers subject to the public service obligation, including those used to provide additional services; vehicles used for dedicated school transport; ships and ferries used for maritime connections in the Messina Strait and with the minor islands; lifts in ski resorts. For these means of transport, the obligation remains in place to comply with the anti-Covid measures, including those provided for by protocols and guidelines.

Paragraph 2 provides an exemption from the green pass obligation introduced by paragraph 1 for the purposes of accessing and using transport for those who, because of their age, are excluded from the vaccination campaign and those exempt based on suitable medical certification in accordance with the criteria indicated in the Ministry of Health circular.

Paragraph 3 requires air, maritime and land carriers, and their delegates, to verify that the means of transport are used in accordance with the methods and conditions laid down in paragraph 1, also verifying the authenticity, validity and integrity of the green passes, in accordance with the methods set forth in the Prime Ministerial decree adopted pursuant to article 9.10 of Decree law no. 52 of 2021.

During the discussion of the draft law by the Parliamentary commission, paragraph 3-bis was added to specify that the content of the public service obligations applicable to both carriers and operators of public transport services or infrastructures for the provision of such services is to be considered inclusive of that established in the guidelines and protocols for the containment of Covid-19.

Paragraph 4 identifies the applicable sanctions in the event of non-compliance with the obligations in paragraphs 1 and 3.

Article 2-ter was included during the discussion of the draft law by the Parliamentary commission with a new letter a) in paragraph 1 establishing the extension until 31 December 2021 of two temporary provisions for “vulnerable workers” respectively concerning: considering the prescribed period of absence from work as the equivalent of a hospital stay if certain conditions are met; and the general possibility for such vulnerable workers to perform their work remotely,

which may entail assigning them different duties within their same category or professional level, as defined by the collective bargaining agreements in force, or the performance of specific professional training activities, including remotely. In the provisions in force to date, the general application of the principle whereby their absence is considered the equivalent of a hospital stay expired on 30 June 2021, whereas the term of application of remote working expired on 31 October 2021.

- **MIMS decree no. 315 of 2 August 2021 relating to the implementation of the National Recovery and Resilience Plan, in which the resources relating to the purpose of ecological buses were allocated.** This decree, which encourages the updating of the suburban and extra-urban public transport bus fleet, allocates €600 million of the Complementary Fund (article 1.2.c).1 of Decree law no. 59/2021) to the regions, with 50% assigned to the south. The buses to be purchased must not only be ecological but also be equipped with the appropriate features for access and use by people with reduced mobility, a passenger counting system, which must function regardless of whether the tickets are electronically validated, localisation devices, video-surveillance and driver protection, as well as air circulation and air conditioning systems. The financing may also be used to purchase other equipment, including equipment to transport bicycles, for up to a maximum of 5% of the total cost of the vehicle. The decree is pending registration by the Court of Auditors.
- **Decree of the Minister of Infrastructure and Sustainable Mobility no. 319 of 9 August 2021, relating to the implementation of the National Recovery and Resilience Plan allocating the resources for the purchase of new electric or hydrogen trains.** This decree, which encourages the purchase of new electric or hydrogen trains, allocated €500 million, set aside in the National Recovery and Resilience Plan, to the regions, directing 50% to southern Italy. The new trains for the regional services must mandatorily be equipped with air conditioning, WiFi networks that passengers may use, outlets to charge e-bikes, systems to count the number of passengers on board, devices for rolling stock localisation and intercom alarms for personnel, video surveillance inside and outside using cameras and monitors. The Court of Auditors is currently registering the decree.
- **MIMS decree no. 330 of 13 August 2021 relating to the implementation of the National Recovery and Resilience Plan, allocating the resources for the updating and efficiency of ports.** This decree, which identifies the individual actions in the scope of the development of port infrastructure, allocates €2.8 billion of the Complementary Fund (article 1.2.c) points 7-11 of Decree law no. 59/2021) to the port authorities. The amounts are allocated as follows: €1.47 billion for the development of maritime accessibility and the resilience of the port infrastructures to climate change, €700 million to electrify the quays (cold ironing) which reduces the polluting emissions of ships docked at ports, €390 million for a selective increase in port capacity, €250 million to develop the last/second-to-last mile railway or road (for the Civitavecchia, Naples, Salerno, Ancona, Venice and Trieste port authorities) and €50 million for energy efficiency. The decree is pending registration by the Court of Auditors.
- **MIMS decree jointly with the MEF no. 335 of 17 August 2021.** The interministerial decree provided for another advance of resources (€390 million) for the additional services pursuant to Decree law no. 137 and the 2021 Budget Act. Specifically:
 - it set aside the amount of the difference between the resources disbursed with decree no. 61/2021 (€195 million) and the amounts reported by the regions between 7 January and 30 June 2021 (€221 million);

- it provided for an advance of residual resources of €169 million to complete the additional local public transport services at 31 December 2021, using the residual resources allocated by Decree law no. 137 and the 2020 Budget Act referring to 2021;
 - €390 million was therefore fully allocated to the performance of the additional local public transport services.
- **Decree law no. 121 of 10 September 2021, containing "Emergency provisions concerning investments and safety of infrastructure, transport and road traffic for the functionality of the Ministry of Infrastructure and Sustainable Mobility, the Higher Council of Public Works and the National Agency for Road and Motorway Infrastructure Safety"**. This decree law, which was definitively approved by the Chamber of Deputies and the Senate and is pending publication in the Italian Official Journal, contains measures to improve transport services and facilitate investments in infrastructure. It includes the following provisions of interest to the group:
 - ERTMS: a fund was set up with €60 million annually from 2022 to 2026 to finance the costs of implementing the ERTMS sub-system on board vehicles (article 3.1-4);
 - Train driver training: €2 million was allocated to refinance the measure for 2021 as well (article 3.5);
 - LPT - Covid: the regions may use a portion of the resources assigned for the provision of additional services to strengthen control activities to ensure that the use of local public transport vehicles is in compliance with the Covid-19 public health risk containment and counter measures (article 3.9);
 - CISMI: a centre for the innovation and sustainability of infrastructure and mobility (CISMI) was set up with the MIMS to guarantee the development of projects by the MIMS financed wholly or partly using resources from the National Recovery and Resilience Plan or the National plan for complementary investments (article 5);
 - ANSFISA functions: the functions performed by the MIMS' special fixed plant transport offices (USTIF) were transferred to the National Agency for Road and Motorway Infrastructure Safety (ANSFISA). This agency, with its own decree, governs the requirements for the issue of safety certification for the transport system consisting of infrastructure and rolling stock (article 6);
 - National Recovery and Resilience Plan procedures: the procedures for the implementation of the National Recovery and Resilience Plan were updated. In particular, the MEF was tasked with assigning, in its own decree, the resources determined by the decision of the ECOFIN Council containing the approval of the Italian Recovery and Resilience Plan assessment. The resources of the Development and cohesion fund to implement the plan are assigned annually (article 10);
 - Infrastructural equalisation: the MIMS ordered - by and no later than 30 November 2021 - the survey of the number and functional classification of health, welfare and school structures and the number and extension, with indication of their functional classification, of road, motorway, railway, port, airport and water infrastructures to ensure the elimination of the infrastructural gap between the various areas of Italy, including inter-regional areas, and to guarantee the same essential levels of infrastructure and the connected services (article 15);
 - Term of office of the extraordinary commissioner for the Genoa bridge work: to ensure the completion of the work on the Genoa bridge, the term of office of the extraordinary commissioner for the rebuilding may be extended or renewed up to 31 December 2024 (article 16).

The following measures were then approved during the conversion of the decree law:

- Motorway management newco (Anas): the establishment of a new company was provided for (wholly owned by the MEF and controlled by the MIMS) to which the functions and activities assigned by current provisions to Anas S.p.A. would be transferred solely for the state motorways with tolls (article 2.2-sexies - 2-sexiesdecies). The company will have equity in line with the current motorway concessions held by Anas. In addition, Anas will segregate the

accounts of the activities subject to the Government Programme Contract and its other “commercial” operations. As per an amendment to paragraph 870 of Law no. 208/2015, the Government Programme Contract with the company will not provide for an annual consideration but solely identify the works to be built and the services to be rendered. Finally, the portion of the allocations for the development of the projects, paid to Anas S.p.A. to cover the investment expenses it incurs, was reduced from 12.5 to 9%.

- Construction of the Tarquinia-San Pietro in Palazzi section (Anas): to speed up the construction of the Tarquinia-San Pietro in Palazzi motorway, Anas will acquire the plans prepared by Autostrada Tirrenica S.p.A. (article 2.2-ter/2-4th);
 - Energy infrastructure for the railway infrastructure (National Recovery and Resilience Plan): a single authorisation procedure was introduced for the concurrent construction of the infrastructures as per Annex IV to Decree law no. 77 with the works connecting to the line energy plants (article 10.7-bis);
 - Railway infrastructure/tunnels: only the infrastructure already operating is subject to the provision added to Decree law no. 183/2020 that stricter technical and functional parameters and standards than those set forth in the EU agreements and regulations may be applied to the design and construction of new national railway infrastructure provided that they guarantee higher levels of safety. As for the safety of railway tunnels, the guidelines (article 13.17-bis of Decree law no. 183/2020) must also specify the deadlines for compliance with the requirements by the operators and the railway companies (article 10.7-ter/7-4th);
 - Amendments to Decree law no. 72/2021/Environmental impact assessment (National Recovery and Resilience Plan): the environmental impact assessment procedures as per Annex IV to Decree law no. 77/2021 will be accelerated for those projects whose technical/economic feasibility plan was already sent to the competent authority for the environmental impact assessment on the date when the conversion law of this decree law went into effect (article 12.1-bis);
 - Amendments to Decree law no. 72/2021/Integrated contracting (National Recovery and Resilience Plan): amendments were made to article 44.7 of Decree law no. 72/2021 regarding prior verification of the design. Furthermore, the procedure for the assignment of the design and execution of the works based on the technical/economic feasibility plan (i.e., integrated contract) was also extended to the projects included in Annex IV to Decree law no. 72/2021 (article 16.3-octies).
- **Decree law no. 127 of 21 September 2021, containing “Emergency measures to ensure the safe performance of public private sector work by extending the scope of application of green passes and reinforcing the screening system”.** This decree law, converted with amendments into Law no. 165 of 19 November 2021, extends the scope of application of the Covid-19 green pass to work in the public and private sectors. In article 3, for the private sector, it establishes that as from 15 October, anyone whose works under any title or volunteers at the workplace must have and present, upon request, a green pass. Employers must ensure compliance with this requirement, defining, by 15 October, the operating methods for the organisation of checks (which may be carried out on a sample basis and preferably when employees are accessing the workplaces) identifying the people responsible for assessing and contesting any violations. Under article 3.6, personnel without a green pass will be considered as having been absent without justification until they present a green pass and, in any case, not past 31 December 2021, without disciplinary consequences and with the right to retain their job. For the period of unjustified absence, no remuneration or fees of any kind are due. If the employer is in violation of the obligation to check the green passes or to take the organisational measures within the deadline and if people without green passes access the workplace, the sanctions established for breach of the containment measures pursuant to article 4 of Decree law no. 19 of 2020 shall apply. The administrative sanction if someone accesses the workplace without a green pass is from €600 to €1,500. In article 4,

the decree also establishes a subsidised price for Covid-19 tests at pharmacies and makes them free for people who are exempt from vaccination. When the decree law was converted into law, measures were introduced to simplify the checks, including the possibility of giving employers a copy of their green pass.

- **Decree law no. 146/2021 “Emergency economic, tax, job-protection and urgent need measures”.** This decree law, converted into Law no. 215 of 17 December 2021, establishes, among other things, substantial cash advances during the year, particularly for the implementation of the rule that provides for an advance of up to 30% of the amount of works to construction companies. Specifically, article 16 establishes a €1,300 million increase in the expenditure authorised to RFI pursuant to article 1.86 of Law no. 266/2005, in order to - as noted earlier - increase the advance for contracts by up to 30%, as provided for in article 207 of Decree law no. 34/2020. The same article also provides for a €200 million increase in the resources allocated to RFI’s GPC-I in 2021 deriving from the investment fund pursuant to article 1.95/98 of Law no. 145/2018.

When the decree law was converted into law the following changes were made:

- article 7-bis amending article 10 of the Traffic Code, restoring most of the text before Decree law no. 121 of 2021 concerning the maximum load permitted in road transport, i.e., oversize transport;
- article 11-ter, which provides for the possibility to allocate the Fund’s resources for the implementation of measures relating to the active policies for the new skills fund set up with ANPAL to support the economic recovery of companies in the scope of collective bargaining agreements entered into at company or local level.

- **Decree law no. 152 of 6 November 2021, containing “Emergency provisions for the implementation of the National Recovery and Resilience Plan and the prevention of mafia infiltration”.** This decree law, converted with amendments into Law no. 233 of 29 December 2021, establishes a series of measures affecting the group, particularly: article 5, which contains emergency provisions to simplify the approval process for the GPC-S and GPC-I signed by the MIMS and RFI S.p.A.; and article 6, which provides for an earlier localisation of the work at the same time as the “technical-economic feasibility project” rather than waiting until the definitive design stage. The additional authorisations, which cannot be acquired on the basis of the technical-economic feasibility project, may be acquired in later stages of the planning, without calling the service conference, in a departure from Law no. 241/1990.

- **Ordinance of the Ministry of Health and the Ministry of Infrastructure and Sustainable Mobility of 12 November 2021.** This ordinance includes provisions with which transport and logistics workers must comply and updates the protocol in annex 14 to the Prime Ministerial decree of 2 March 2021. It also established that it is preferable for personnel to check green passes for the services for which they are required before people board the vehicle. Furthermore, it requires ongoing dialogue between employers and the Committee for the application and check of rules in the protocol, including the possibility of opening vaccination centres in workplaces.

For all transport sectors, the protocol confirmed the need to provide adequate communication on board vehicles, with updated information to reflect changes in the rules to contain the spread of the virus, including signs with instructions on how users should behave and notices that failure to abide by the rules will result in service suspension.

For the railway sector, the ordinance provided that, in the event of passengers with Covid-19 symptoms, the health authorities and railway police may decide, considering the conditions, to stop the train to take emergency action or to set up dedicated spaces. The company must then sanitise the train concerned before putting it back in service. At the large railway hubs (Milano Centrale, Roma Termini, Firenze Santa Maria Novella), and where possible at other stations, green pass checks must be carried out preferably before people board the train. If this is not possible, the checks must be carried out by personnel on board trains alongside the ticket checks.

In the freight transport sector, the updated protocol confirms that, if drivers are not wearing face masks, they must remain on board, whereas if they de-board and come into contact with other operators they must wear a mask. Freight loading and unloading must take place in safe conditions, following methods that entail no direct contact between operators and drivers. Workers may access the offices of companies other than one's own according to the methods provided for by the company, which will provide for specific cleaning services. Online or contactless payments are also recommended.

- **Decree law no. 172 of 26 November 2021 containing "Emergency measures to contain the Covid-19 epidemic and for the safe performance of economic and social activities"**. This decree law, converted, with amendments, into Law no. 3 of 21 January 2022, established new measures to contain the Covid-19 epidemic and for the safe performance of economic and social activities. It also established green pass measures. Specifically, it extended the green pass requirement to other sectors, including regional and inter-regional railway transport and local public transport services. However, these measures were superseded by two subsequent decrees (Decree law no. 221/21 and Decree law no. 229/21). As from 6 December 2021, the super green pass requirement went into force, valid for people who have been vaccinated or who have recovered from Covid-19. Between 6 December 2021 and 15 January 2022, the super green pass was required in white zones for a number of activities that would otherwise have been subject to restrictions in yellow zones.
- **MIMS decree jointly with the MEF no. 483 of 2 December 2021**. This decree addressed the reassignment of resources allocated to the additional services which could be used on a residual basis to compensate lost traffic revenue from local public transport services. In particular:
 - article 1 specified the assignment of the €450 million in resources for the performance of the additional services under article 51 of Decree law no. 73/2021, described above;
 - article 2 set the deadline of 31 March 2022 to send the reporting data on the 2021 additional services;
 - article 3 provided for another MIMS/MEF decree to definitively assign the resources set aside. The resources assigned and not used at 31 December 2021 will be considered for the compensation of each region and autonomous province's lost revenue from local and regional public transport from 23 February 2020 to 31 December 2021.
- **MIMS decree jointly with the MEF no. 489 of 2 December 2021**. This interministerial decree addressed the compensation of lost revenue from the local public transport in 2020 and 2021. Specifically:
 - article 1 established the grants of €1.56 million assigned to compensate lost revenue in 2020, based on the reporting submitted by 30 September 2021;
 - article 2 identified the amounts yet to be allocated to the individual regions for lost revenue in 2020 reported (€0.7 million of the resources allocated under article 29 of Decree law no. 41/2021) and maintained the monitoring of contract balance to prevent over-compensation;
 - article 3 specified the assignment of €64 million as an advance to offset lost revenue in 2021;
 - article 4 specified that the residual amount of €0.2 million will be assigned in a subsequent provision by 31 December 2021 according to the percentages of article 1, amended considering the reporting from 1 October 2021 to 5 November 2021;
 - article 5 established that a subsequent interministerial decree between MIMS and MEF would define the procedures and timing of the definitive assignment of the grants to compensate lost revenue in 2021. The same decree might also adjust the allocation of resources for 2020 based on checks of the contract balances.

- **Decree law no. 209 of 10 December 2021, containing “Emergency financial and fiscal measures”.** This decree law, insofar as it relates to the group, increases the expenditure authorisation granted to the national railway infrastructure operator by €1,450 million for 2021 to cover investments in the conventional network (article 1.1). This decree law was later transposed with an amendment into Budget Act no. 234 of 30 December 2021 (article 1.649).

- **Decree law no. 221 of 24 December 2021, containing the “Extension of the national state of emergency and additional measures to contain the spread of the Covid-19 epidemic”. This decree law, converted, with amendments, into Law no. 11 of 18 February 2022, contains the following measures of specific interest:**
 - article 1 extended the state of emergency until 31 March 2022;
 - article 3 specified that from 1 February 2022, the validity of green passes based on vaccination was reduced from 9 to 6 months;
 - article 5-quater required until 31 March 2022 a super green pass to access and use the means of transport listed in article 9-quater.1 of Decree law no. 52 of 2021, i.e.:
 - commercial passenger aircraft;
 - ships and ferries for interregional transport;
 - trains used for interregional, Intercity, Intercity Night and HS passenger transport;
 - passenger buses between more than two regions;
 - buses leased with drivers;
 - vehicles used for local or regional public transport.

Moreover, FFP2-type face masks were required for access to the transport vehicles indicated above. In a departure from the aforesaid principle, an ordinary green pass was valid for aircraft, maritime and land vehicles for travel between the islands and the rest of Italy.
 - article 17 extended the provisions of article 26.2-bis of Decree law no. 18/2020 whereby vulnerable workers could perform their work remotely, which included the assignment of different duties in the same employee category or position, as defined by the current collective bargaining agreements, or the performance of specific professional training, even remotely. This measure was extended until the date of adoption of a Ministry of Health decree (and, in any case, not past 28 February 2022) which will identify the relevant chronic illnesses (i.e., cardiovascular, respiratory and metabolic illnesses).

Annex A contains additional extensions of the legislative terms related to the state of emergency, including the measure in article 90.3 of Decree law no. 34/2020 which obliges employers in the private sector to electronically transmit the names of workers and the date when they stopped working remotely to the Ministry of Labour. When the decree law was converted into law, the measure under article 92.4-bis of Decree law no. 18/2020 was included, disallowing any curtailments of the local public transport service fee (point 6.bis of annex A).

- **Decree law no. 228 of 30 December 2021, containing “Emergency provisions regarding legislative terms”.** This decree law, whose conversion into law is being published in the Italian Official Journal, includes the following measures of interest:
 - article 3.1 extends to 31 July 2022 the applicability of the simplified legislation on how the general meetings of companies, bodies, associations and foundations are held pursuant to article 106 of Decree law no. 18 of 2020;

- article 3.4 on the liquidity of the contracting companies extends to 31 December 2022 the provision of article 207.1 of Decree law no. 34/2020 which raises the percentage of advances for contracts pursuant to article 35.18 of the public contracting code (Legislative decree no. 50/2016), bringing it from 20% to 30%;
- article 9.8 extends to 2022 the term for the implementation of the projects financed by the new skills fund;
- article 10.2/3/3-bis. Paragraph 2 extended the term for the assignment of resources (€5 million annually from 2021 to 2034), authorised by article 1.675 of Law no. 178/2020 to compensate companies that own and lease freight railway carriages, as well as forwarding agents and multimodal transport operators (from 23 February 2020 to 31 December 2020). In particular, it extended to 15 March 2022 the deadline for the adoption of the MIMS decree jointly with the MEF; it extended until 30 April 2022 the deadline for reporting by the beneficiary companies; and it extended to 30 June 2022 the deadline for the assignment of the resources to the beneficiary companies. Paragraph 3 extended the term for the assignment of resources (€30 million annually from 2021 to 2034) authorised by article 1.675 of Law no. 178/2020 (2021 Budget Act), to compensate providers of commercial passenger and freight transport services (1 January 2021 to 30 April 2021). Specifically, the deadline for the reporting by the beneficiary companies was extended to 30 January 2022 and the deadline for the adoption of the MIMS decree assigning the resources to the beneficiary companies was extended to 31 March 2022. Paragraph 3-bis extended to 31 December 2026 the possibility for the FS Italiane group companies to enter into agreements with other group companies with an exemption from the public contracting code and for Anas to use the contracts signed by the FS Italiane group companies to purchase non-operating goods and services jointly;
- article 12.2-quater extended from 24 to 30 months from the date of issue the period of validity of vouchers given as an alternative to refunds for non-use of air, rail, maritime, inland waterway or land transport contracts, hospitality contracts or tour package contracts for reasons due to the pandemic;
- article 13.3 extended to 30 April 2022 the activities of the Cortina D'Ampezzo commissioner (article 61.9 of Decree law no. 50/2017) to ensure the completion of the activities for the settlement of existing assets and liabilities and the residual liquidation activities;
- article 17 extended to 31 December 2022 the government's special powers in sectors of strategic importance, with specific regard to the national cyber security perimeter pursuant to article 4-bis.3-bis/3-quater of Decree law no. 105/2019;
- article 20 contains several extensions of the legislative terms for the governance framework of state aid.

- **Law no. 234 of 30 December 2021, "Government budget for the 2022 fiscal year and three-year budget for 2022-2024", published in Official Journal no. 310 of 31 December (no. 49).**

The provisions affecting the group include those in section 1:

- paragraph 392: a specific fund in the MIMS budget named "Fund for the sustainable mobility strategy", with a total endowment of €2,000 million, including €50 million annually from 2023 to 2026, €150 million for 2027 and 2028 each, €200 million for 2029, €300 million for 2030 and €250 million annually from 2031 to 2034;
- paragraph 394: financing of €5 billion for the Adriatic line;
- paragraph 395: expenditure of €20 million for 2024, €230 million for 2025, €300 million for 2026, €500 million annually from 2027 to 2032 and €550 million annually from 2033 to 2036 was authorised to finance RFI's 2022-2026 GPC-I for 2022-2026.
- paragraph 396: total expenditure of €5.1 billion, including €500 million for 2022, €1,000 million annually for 2023, 2024, 2025 and 2026 and €600 million for 2027 was authorised to finance RFI's 2022-2027 GPC-S;

- paragraph 397: expenditure of €4.55 billion, including €100 million for 2023 and 2024 each, €250 million for 2025, €300 million annually from 2026 to 2028 and €400 million annually from 2029 to 2036 was authorised to finance Anas' 2021-2025 GPC;
 - paragraphs 398 and 399: changes to article 1-septies of Decree law no. 73 of 25 May 2021, converted with amendments into Law no. 106 of 23 July 2021 (Emergency provisions on the revision of prices for materials in public contracts) to enable companies to offset, even in a departure from that set forth in the public contracting code, for all of 2021 (and not only for the first half of the year as currently provided for in article 1-septies), the greater costs incurred due to any increases in the prices of construction materials identified in specific MIMS decrees. To this end, another MIMS decree will be adopted by 31 March 2022 identifying any increases or decreases of over 8% in the price of construction materials for the second half of 2021;
 - paragraph 649: expenditure was authorised for RFI for the €1,450 million increase in 2021 to cover investments in the conventional network and for non-routine maintenance;
 - paragraph 811: specifications on the application of ERTMS rules;
 - paragraph 1009: the design and development of logistics for the new Alessandria freight handling hub were included in RFI's 2022-2026 GPC-I related to the P234 "HS/HC Milan - Genoa line: Third Giovi pass" project and assigned to the extraordinary commissioner.
- **MIMS decree jointly with the MEF no. 546 of 31 December 2021.** The interministerial decree updated that noted in interministerial decree no. 489 of 2 December 2021 described above and specifically:
 - article 1 indicated the assignment of residual grants to compensate lost traffic revenue in 2020 by local public transport companies based on the data in the Observatory's data base for the period between 1 October 2021 and 5 November 2021. Compared to the €1,837 million allocated by the various measures for the compensation of lost revenue, after additional reporting and adjustments, €1,607 million was used to offset lost revenue in 2020;
 - article 2 definitively assigned the amounts set aside to compensate lost revenue in 2021, totalling €230 million, considering the use of €1,607 million in 2020 out of the initial allocation of €1,837 million;
 - article 3 established that, with a subsequent directorate measure, the necessary resources would be committed to cover that provided for by the foregoing articles and specifically €100 million under Decree law no. 137 and €102.4 million under Decree law no. 41/2021.

- **Decree law no. 4 of 27 January 2022, containing “Emergency measures to support companies and economic, labour and healthcare operators and local services in connection with the Covid-19 emergency and to contain the effects of price increases in the electrical sector”.** This decree law was published in the Italian Official Journal on 27 January 2022 and is being converted into law. The provisions affecting the group are:

 - article 18; paragraph 1 which eliminates the reduction of the excise tax for fuel used in passenger and freight railway transport as per Table A, point 4 of the unified text of legislative provisions concerning taxes on production and consumption approved with Legislative decree no. 504 of 26 October 1995, which establishes a rate equal to 30% of the ordinary rate;
 - article 24: paragraph 1 provides for an accrual of €80 million for additional local public transport services until the end of the state of emergency (31 March 2022); paragraph 3, establishes that the regions may report to the MIMS the assigned resources by 15 May 2022, certifying that the additional services were executed to an extent not exceeding needs considering the limitations on vehicle load capacity and that such additional services were effectively used; paragraph 4 indicates that any residual amounts may be used in 2022 to strengthen control activities in order to ensure that the local public transport vehicles are used in compliance with the measures to contrast the epidemic and to compensate the loss of revenue incurred by local public transport companies pursuant to article 200.1 of Decree law no. 34/2020. The regions must report the use of the resources by 31 January 2023;
 - article 25: measures for the railway sector authorising expenditure of €10 million for RFI S.p.A. annually from 2022 to 2034 (€130 million in all), in order to provide for, in the first quarter of 2022, a reduction in the fee to use the railway infrastructure for passenger services not subject to public service obligations and for freight railway services. Furthermore, the provision requires any residual resources to be allocated to compensating RFI S.p.A. for loss of income from the railway infrastructure access fee in the same period;
 - article 25: paragraph 2-bis provides for an increase of €5 million annually from 2022 to 2027 in the resources pursuant to article 1.294 of Law no. 190 of 23 December 2014, to be paid to the railway companies for freight transport in order to support freight railway transport companies, also considering the ongoing Covid-19 epidemiological emergency and the price increases in the electrical sector. These resources will be assigned as governed by a MIMS decree issued jointly with the MEF, in accordance with the guidelines for state aid to railway companies adopted by the European Commission. The incentives are meant to offset the additional costs to use the national railway infrastructure, including the costs of railway ferries for freight trains and the related activities, incurred by the railway companies instead of using other less environmentally-friendly means to transport freight from or to the Abruzzo, Lazio, Molise, Campania, Puglia, Basilicata, Calabria and Sicily regions. The resources to be allocated to the railway companies as per the above shall be allocated, up to the limits of the available allocations, as a grant to the railway companies that transport freight by rail on the entire national railway infrastructure, not exceeding €2.5 per train-km. This grant, which takes into account the lower external costs than road transport, shall be allocated to the eligible companies in proportion to their train/km;
 - article 25: 2-ter authorises, for Anas S.p.A., expenditure of €3.9 million for 2027 and €25 million annually from 2028 to 2031, in order to compensate the company for loss income due to the reduction in motorway traffic in 2021 as a result of the Covid-19 epidemic and greater expenses due to the increase in costs incurred by Anas S.p.A. for the public lighting of roads in 2021.

- **Decree law no. 5 of 4 February 2022, containing “Emergency measures on Covid-19 green passes and for the safe performance of educational system, school and training activities” published in the Official Journal on 4 February 2022** established that:

- the validity of green passes for those who have had booster shots without the need to take additional doses of the vaccine;
- the abolition of the quarantine period for those who have recovered from Covid-19 after a vaccination cycle of two doses;
- the extension of the validity of green passes to the red zones;
- new rules for online learning at primary, middle and high schools;
- free access and free movement throughout the country for foreigners with green passes following a vaccination cycle recognised by the foreign country.

ART regulations

The content of the main Transport Authority ("ART") decisions in 2021 affecting the group is summarised below.

- **ART decision no. 28/2021.** On 25 February 2021, with Decision no. 28, the ART adopted specific measures on the minimum content of users' rights with respect to the processing of complaints concerning railway and road services provided on a commercial basis or subject to public service obligations to station operators and digital platform managers. The measures relate to, among other things, reporting obligations, the accessibility of complaint procedures and the automatic payment of one-time indemnities to customers for no response or a late response to the complaint. The operators of these services must comply with the measures by 1 January 2022.
- **ART decision no. 33/2021.** On 11 March 2021, with Decision no. 33, the ART set the rate of return on net invested capital for the period from 12 March 2021 to 11 March 2022 at 5.41% for local public transport services by rail (compared to 5.39% in the previous period) and 5.24% for those by road (5.31% in the previous period). This rate (pre-tax real WACC) must be applied as the reasonable profit margin when preparing the simulated economic and financial plan for the assignment of service contracts and when contracts are revisited, with the consequent updating of the economic and financial plan.
- **ART decision no. 58/2021.** On 6 May 2021, in accordance with the Piedmont regional administrative court ruling no. 835/2020, the ART issued Decision no. 58, recalculating the charge for the minimum access package (MAP) for freight services operated on the Verona-Brennero railway line, with specific reference to sub-component B1 and for days when the infrastructure operator expects scheduled service interruptions at night. The ART provided for the retroactive application of the measure as from 20 November 2019 and required RFI S.p.A. to recalculate the MAP charge for freight railway transport services provided on the Verona-Brennero line and to apply the consequent adjustments to the entitled parties. To preserve the balance of the infrastructure operators' accounts, considering the smaller income as a result of the application of the decision for the years from 2019 to 2021, RFI must establish a specific figurative caption of the same amount to be allocated to component B of the unit charge that will be applied to the freight transport services on the entire national railway network in the new regulatory period (2022-2026), based on total expected traffic volumes for the same period.
- **ART decision no. 88/2021.** On 17 June 2021, with Decision no. 88, the ART concluded the proceedings - commenced with Decision no. 39/2021 - in accordance with the Council of State ruling no. 6108 of 9 September 2019 which nullified part of the ART's measures concerning the calculation of the HS/HC network access fee for 6 November 2014 to 31 December 2015 (measure 6.6.2 of ART decision no. 70/2014), due to the "partial and inadequate consideration of the

return on invested capital” among the cost items to be recognised when the fee was set. This Decision establishes, inter alia, the criteria for: the assessment of the amount of the infrastructure operator’s total costs to be recovered through HS/HC infrastructure access fees for the period from 6 November 2014 to 31 December 2015; the calculation of the adjustment to the infrastructure operator, to be divided between the railway companies based on their respective shares of kilometres travelled in the reference period; the determination of the methods for the recovery of the amount of the adjustment (refunded to the infrastructure operator based on a minimum of 10 annual instalments starting 31 December 2021).

- **ART decision no. 97/2021.** On 1 July 2021, with Decision no. 97, the ART began proceedings against Grandi Stazioni Retail S.p.A., following a complaint filed by Italo-Nuovo Trasporto Viaggiatori S.p.A., to redefine the rates for 2020 and 2021 for access to the spaces in stations where passengers may wait and receive assistance (i.e., lounges) in the stations managed by Grandi Stazioni Retail S.p.A. (including Roma Termini, Roma Tiburtina, Milano Centrale and Firenze Santa Maria Novella), in compliance with the criteria of ART decision no. 96/2015 (the rates must not exceed the cost plus a reasonable margin). Based on the preliminary information gathered, the ART found an indication of a violation of the legislative and regulatory framework. Specifically, GS Retail: (i) allegedly adopted rates that are completely out of line with the costing/pricing rules established by the applicable legislation, as they are based on market parameters; (ii) allegedly determined and structured the rates without making known “the structure of eligible costs (insofar as they are pertinent and efficient) for the purposes of the rates and the related calculation methods”. The term for the proceedings was set for six weeks from receipt of all the information from the parties involved.
- **ART decision no. 114/2021.** On 5 August 2021, with Decision no. 114, the ART declared it did not have sufficient information to verify that by the proposed new 2022-2026 fee structures for the minimum access package (MAP) to the national railway infrastructure and the non-MAP services presented by RFI S.p.A. were compliant with the criteria of Decision no. 96/2015. Therefore, RFI S.p.A. must send another proposal that considers the critical points highlighted. With specific regard to the MAP rates, the ART required, inter alia, that RFI S.p.A. apply for 2022 and 2023 on a transitory basis, the 2021 rates, plus the annual increase in planned inflation. It must also apply a figurative caption (to be determined in accordance with that indicated in letter C, Measure 4, Decision no. 96/2015) to ensure a gradual increase in the fees and charges.
- **ART decision no. 130/2021.** On 7 October 2021, with Decision no. 130, the ART commenced proceedings in accordance with the Piedmont regional administrative court ruling no. 646/2021, for the review, through an adequate supplement to the preliminary paperwork, of Italo-Nuovo Trasporto Viaggiatori S.p.A.’s complaint of 14 October 2019, specifically the section in which it complained of discrimination by RFI and Grandi Stazioni Rail S.p.A., in the assignment of the spaces in the Roma Termini, Firenze Santa Maria Novella and Verona Porta Nuova stations. Specifically, the Piedmont regional administrative court noted certain gaps in ART’s preliminary documents and reasoning with respect to the application of the principle of equal visibility and accessibility and the parameters defined in Decision no. 130/2019, regarding the division of the spaces and services available in the station. The term for the conclusion of the proceedings was set for six weeks from receipt of all the pertinent information.
- **ART decision no. 154/2021.** On 18 November 2021, with Decision no. 154, the ART completed the proceedings commenced with Decision no. 115/2021 (in accordance with the Council of State ruling no. 3191/2021) and decided to apply to the HS/HC Bivio Casirate - Bivio/PC Roncadelle railway section, from 11 December 2016 (when the section was placed in service) until 31 December 2017, the HS/HC access fee determined by RFI S.p.A. for the Turin-Milan, Milan-

Bologna, Bologna-Florence and Rome-Naples sections of the HS/HC network, in implementation of measure 58 of Decision no. 96/2015.

- **ART decision no. 172/2021.** On 16 December 2021, with Decision no. 172, the ART decided that the compliance of the proposed rates for non-MAP services for 2023, sent by RFI S.p.A. with the regulatory model pursuant to Decision no. 96/2015 was subject to specific requirements, including:
 - confirmation of the nominal pre-tax rate of return in place in the previous regulatory period (4.52%) for 2023 as well;
 - inclusion of the equipped rescue vehicle clearing service in the proposed rates, with mention of the related fees in accordance with the principle of aligning them with the supply costs;
 - informing the railway companies (by 31 December 2021) of the ways in which they may inform RFI (by 31 January 2022) of which areas, among those granted to the railway companies in the passenger stations, are used for railway operations but are not open to the public (other spaces than those strictly used for ticketing) and how they may request the application of the rate resulting from the criteria established with Decision no. 96/2015 for such spaces. In this respect, RFI - by 18 January 2022 - must determine the rates for these spaces and sent them to the ART for the consequent checks;
 - excluding from the calculation of eligible costs "expenses relating to RFI's operations or production processes even if they refer to previous years" (non-recurring expenses);
 - excluding the equity investments in Terminali Italia, Quadrante Europa Terminal Gate and Interporto Marche from the calculation of net invested capital on the access service and use of freight hubs;
 - excluding from the costs considered to determine the rates for plants that, at 1 January of the base year, have been continuously idle for at least two years, the costs for which no use requests have been received ("idle plants").

- **ART decision no. 175/2021.** On 16 December 2021, with Decision no. 175, the ART completed the proceedings commenced with Decision no. 28/2020 and decided - in accordance with the Piedmont regional administrative court (second section) rulings nos. 19, 23 and 25 of 2020, regarding the MAP fees for the national railway infrastructure in the 2018-2021 period - that the difference between component B of the fee established by RFI for the International Open Access segment and that established for the National Open Access Basic segment is unjustified. Consequently, RFI must recalculate the MAP fee for the national railway infrastructure for the aforementioned 2018-2021 period, applying to component B1 of the fee for passenger railway transport services in the Open Access International market segment the same rate level as that used for the same component in the National Open Access Basic market segment. After the recalculation, RFI must apply the consequent adjustments. Lastly, the ART required RFI:
 - to establish that, as from 1 January 2022:
 - i. every train in the international Open Access segment operating on sections of the network with speeds of over 250 km/h must be categorised in the Open Access Premium segment for the calculation of component B of the charge;
 - ii. all other Open Access International trains must be classified in the Open Access Basic segment service for the calculation of component B;
 - a specific figurative caption (equal to the difference in revenue arising from the application of the adjustments and the revision of the fees for 2018-2021) must be allocated to component B of the unit fee that will be applied to passenger railway transport services operating under the Open Access commercial regime (on the entire network) in the second regulatory period (2023-2027).

- **ART decision no. 181/2021.** On 16 December 2021, with Decision no. 181 published on 9 February 2022, the ART established the amount and method of payment of the 2022 contribution. Specifically, the ART confirmed the rate of the contribution as 0.6 per thousand of turnover as per the most recent set of approved financial statements at the date of publication of the decision. However, the ART increased the threshold for exemption from the contribution obligation to €3,000 from the 2021 threshold of €1,800 and raised the turnover threshold above which the companies are required to report identification and financial data to the ART to €5 million from €3 million. Furthermore, the ART added logistics operators and providers of shipping agency and freight forwarding services to the parties required to pay the contribution. One-third of the amount of the contribution must be paid by 29 April 2022. The remaining two-thirds are due by 28 October 2022.
- **ART decision no. 17/2022.** On 27 January 2022, with Decision no. 17, the ART began a check of the impact of the regulation introduced with ART decision no. 96/2015 (*"Criteria for determination of charges for access and use of the railway infrastructure"*) by 31 March 2022. The ART began this check since the first tariff period (2016-2021) had ended and possible corrective action could be taken, also considering the effects of the epidemiological emergency and the investments under Decree law no. 152/2021 (*"Emergency provisions for the implementation of the National Recovery and Resilience Plan and the prevention of mafia infiltration"*).
- **ART decision no. 20/2022.** On 9 February 2022, with decision no. 20, the ART initiated proceedings against Trenitalia S.p.A. and Rete Ferroviaria Italiana S.p.A. jointly to possibly take disciplinary action for non-compliance with the ART's measures on passenger rights, specifically with reference to the cancellation of a train and the provision of adequate information about the availability of alternative means for continuing the journey (measures 3.4 and 4.5 of Annex A to decision no. 106/2018). The proceedings, which are scheduled to conclude one hundred and eighty days from the date of notification of the decision, could result in an administrative fine of up to ten per cent of the respective turnover imposed on Trenitalia S.p.A. and Rete Ferroviaria Italiana S.p.A..
- **ART decision no. 21/2022.** On 9 February 2022, with decision no. 21, the ART initiated proceedings against Rete Ferroviaria Italiana S.p.A. in relation to the methodology applied to the allocation of the amounts pursuant to article 73.4 of Decree law no. 73 of 25 May 2021, converted, with amendments, into Law no. 106 of 23 July 2021. The purpose of these amounts, amounting to €150 million for 2021 - for the period from 1 May 2021 to 30 September 2021 - is to reduce the fee for the use of the railway infrastructure (up to 100% of component B for passenger railway services not subject to the public service obligation and freight railway services. In this respect, the ART - after the monitoring activities - noted how RFI's methodology for the allocation of these amounts (consisting of the application of a 100% discount to component B, until all funds have been spent under Decree law no. 73) generated inequities between the various transport segments and, in particular, between the individual railway companies eligible for the Covid-19 relief. The application of a different methodology, with a smaller than 100% discount applied to component B and defined in a way that covers the entire time period indicated in Decree law no. 73, would have resulted in: (i) an increase of €474,843.00 in the amounts allocated to the commercial Open Access passenger transport market; (ii) a more or less generalised decrease of €474,843.00 in the amounts allocated to the freight transport segment. ART's intention with these proceedings - with a term set for 180 days from notification of the decision - is therefore the possible issue of an order requiring RFI to redetermine the methodology applied and consequently apply the new methodology to the allocation of the amounts under Decree law no. 73.



Stakeholder engagement

The FS Italiane group continuously communicates with its stakeholders ³⁴via active involvement and ongoing dialogue, as it firmly believes that by understanding their expectations and identifying objectives with them, it guarantees the effective creation of value.

The FS Italiane group’s stakeholders along with the main communication methods are indicated in the map below.

Main channels of communication with stakeholders



The stakeholder panel

The stakeholder panel is an important opportunity for direct exchange between the group and its main stakeholders, including in the definition of long-term goals. Indeed, the fifth stakeholder panel helped understand the stakeholders’ expectations about three key topics: energy and emissions, safety and sustainable mobility. In line with the group’s priorities, this means of stakeholder engagement will continue with other relevant topics, in line with the business plan. Moreover, the proposals gathered during the first four stakeholder panels are published on the Dialogue with stakeholders page of the company website, detailing the measures carried out and any reasons why the group has decided not to implement them.

³⁴ The criteria used to identify stakeholders are as follows: responsibility, dependence, materiality, influence, degree of interest/impact/knowledge.



Commitment to sustainable development

Approach, commitment and practices

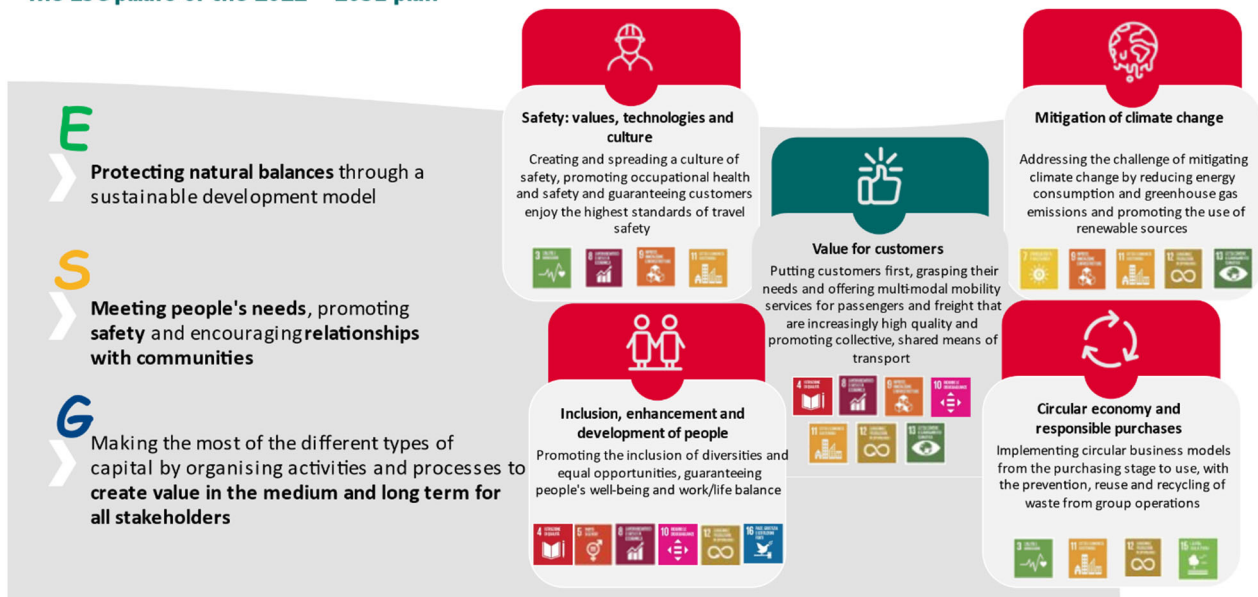
The external context, shaped by two years of pandemic, calls for a new mindset focused on charting a course that will make the FS Italiane group an enabler of a resilient infrastructure, sustainable mobility and integrated logistics system. The group aims to become a mobility company capable of operating in accordance with the principles of sustainability, identifying and seizing opportunities to the fullest.

This expression of intent is the shared foundation of values guiding the group's choices, in line with the UN Agenda 2030. In light of the ongoing public health, social and economic emergency, as we look to a future that will not unfold linearly, a focus on social and environmental balance is indispensable for the FS Italiane group's success. The business model that the group has applied in recent years is geared towards the creation of value for all stakeholders with an inclusive approach, by integrating sustainability in strategic planning, decision-making processes and all activities, increasing the group's positive impact on the community. In this framework, when the group's priorities and strategic goals are set, it is crucial to engage stakeholders (passengers, customers, institutions, academia and non-profit associations). Indeed, the group has set up a feedback channel to listen to its stakeholders on priority topics (as a result of the materiality matrix). In 2018, a few key stakeholders met for three panels, each focused on one topic – energy and emissions, safety and sustainable mobility – and helped the group establish the long-term ambitions that management embraced in 2021 to begin redrafting the group's new strategic lines.

In response to the ongoing pandemic and to the need to reposition the group and find new work methods that will consolidate the group's path of constant value creation, the board of directors approved the 2022-2031 strategic plan in March 2022.

The new business approach reflects a vision of the world that is shared and respectful of the future, in which ESG factors drive the group's strategies and its contribution to achieving the 17 SDGs. Ecological transition, mobility and sustainable logistics, a circular economy and valuing people are the ESG pillars - top priorities for the group - and correspond with specific targets and objectives.

The ESG pillars of the 2022 -2031 plan



The group has also made itself accountable to all internal and external stakeholders through the code of conduct, which establishes the rights and obligations of company officers, management, employees, freelancers, business partners, suppliers and everyone dealing with the group. The group has also demonstrated this by joining the UN Global Compact network and in the commitments it made in the 2019 sustainability policy.

Sustainability policy

To make sustainability a guiding principle in the definition of strategic and operating choices and to ensure sustainable growth in the medium and long term, the FS Italiane group has identified the principles at the heart of its operations in the sustainability policy. This document, which was approved on 16 April 2019 by the board of directors and is inspired by the sustainable development goals and the UN Global Compact principles, is based on seven principles.

**Shared value creation**

Balance economic targets with social and environmental goals, creating value for the business, stakeholders and all the areas in which the group operates

**Community and stakeholder engagement**

Initiate systematic stakeholder engagement processes

**Passenger and employees safety**

Ensure an increasingly higher level of health and safety and consolidate a risk management and prevention culture

**Service quality**

Improve the customer experience, with a close focus on delivered and perceived quality

**Employee value**

Actively contribute to caring for and nurturing people, preventing any form of discrimination

**Efficient use of resources and environmental protection**

Promote the efficient use of energy resources and encourage an LCA approach in all processes

**Respect for human rights**

Protect human rights in its operations and with suppliers and business partners, helping to create a responsible value chain

Environmental sustainability

The FS Italiane group intends to help reduce the transport sector's ecological footprint by maximising the environmental benefits of collective transport, privileging a shift towards more sustainable modes of transport and minimising the negative environmental impacts of its activities. The FS Italiane group's core business, railway transport, is one of the most efficient and least polluting solutions with the smallest impact on the land and is, accordingly, the core of the FS Italiane group's sustainable mobility plan for passengers and freight.

The technological solutions of the vehicles - from the energy requirements of the new HS and regional trains to the performance of new road vehicles - like the criteria for the design and operation of railway and road infrastructure contribute to creating an integrated, low-impact transport system. The group is also committed to promoting a rational use of natural resources along the entire chain, from the perspective of the full life cycle of the products and services it manages.

The FS Italiane group is actively involved in protecting the environment, and its processes and activities are analysed to improve their environmental performance, holding the value of natural capital in the highest regard and devoting particular attention to greenhouse gas and polluting emissions, energy and water consumption and soil degradation.

Given the difference in the range of activities carried out, the findings of the monitoring of the most significant energy and environmental aspects reflect the breakdown of the companies' core business into segments: transport, infrastructure, real estate services and other services.

Energy and emissions

The development of the pandemic continued to cultivate the uncertainty of 2020, amidst a context that nevertheless seems to have embarked upon a path to progressive recovery. Pending a return to volumes similar to those registered before the crisis, transport operators continued to implement measures to contain the spread of infections, with consequences on environmental and energy values as well, which are closely linked to these operations. Specifically, despite the context, the largest components of the FS Italiane group's environmental statement relate to energy consumption.

Total energy consumption in 2021 of 26,410 TJ³⁵ is up 5.6% on the previous year. This increase marks a turnaround in the trend seen in 2020, a critical year, due to the growth of the FS Italiane group's main energy captions: electricity for railway traction (+6.2%) and diesel (+4.7%). Electricity consumption accounts for the largest part of total consumption, approximately 70% of the total, and nearly 80% of electricity is used for railway traction, meaning it stands to benefit from the large expanse of electrified network for service operation (over 70% of the RFI network is electrified). The consumption of electricity for uses other than railway traction could benefit from the purchase of guarantees of origin for energy produced from renewable sources: in 2021, the group companies purchased guarantees of origin for roughly 61% of the electricity for these uses (compared to 17% in 2019 and 37% in 2020).

Diesel consumption accounts for almost all the rest of energy consumption (23.3% of the total), while natural gas (5.3%), biodiesel (0.9%) and other sources (0.3%) make up the rest.

³⁵A joule is the International System (SI) unit of measurement of energy, work and heat. One terajoule (TJ) equals 1,000 gigajoules and one gigajoule equals one billion joules.

Terajoules

| Energy consumed by source (*) | 2021 | 2020 | 2019 |
|---|---------------|---------------|---------------|
| Electricity for railway traction | 14,803 | 13,935 | 17,522 |
| Electricity for other uses | 3,753 | 3,678 | 3,930 |
| Diesel | 6,142 | 5,864 | 7,325 |
| Natural gas | 1,396 | 1,237 | 1,418 |
| Biodiesel | 229 | 241 | |
| Heat, fuel oil, petrol, LPG and hydrogen | 87 | 63 | 67 |
| Total energy consumed within the FS Italiane group | 26,410 | 25,018 | 30,262 |
| <i>of which: % per segment:</i> | | | |
| <i>transport</i> | <i>75.3%</i> | <i>75.3%</i> | <i>77.1%</i> |
| <i>infrastructure</i> | <i>24.5%</i> | <i>24.5%</i> | <i>22.7%</i> |
| <i>real estate services</i> | <i>0.1%</i> | <i>0.1%</i> | <i>0.1%</i> |
| <i>other services</i> | <i>0.1%</i> | <i>0.1%</i> | <i>0.1%</i> |

(*) Internal processing in accordance with the reference guidelines. The conversion factors used refer to year "n-2". The conversion factor sources are: Energy Statistics Manual (International Energy Agency (IEA), 2005), National Inventory Report - Italian Greenhouse Gas Inventory 1990-2019 (Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA), 2021), Fiche 330 (Union Internationale des Chemins de Fer (UIC), 2008, and DEFRA UK - Conversion factors.

As in previous years, the group companies that operate in transport use over three-quarters of the energy consumed by the group, while the companies operating the infrastructure use almost all of the rest.

Energy consumption translates into greenhouse gas emissions that, however, despite the overall increase in consumption noted earlier, are down on the previous year: 2.06 million tonnes of CO₂ equivalent³⁶ compared to 2.08 in 2020. This difference is due to the updating of the railway fleet with more energy efficient vehicles and the mix of electrical energy generation. As in previous years, the transport companies' activities account for over 75% of the group's emissions.

million tCO₂e

| Greenhouse gas emissions (GHG) of the FS Italiane group ^{1 2 3} | 2021 | 2020 | 2019 |
|--|--------------|--------------|--------------|
| Total direct GHG emissions (Scope 1) | 0.56 | 0.53 | 0.66 |
| Total indirect GHG emissions from energy consumption (Scope 2) | 1.50 | 1.55 | 1.98 |
| Total greenhouse gas emissions (GHG) of the FS Italiane group | 2.06 | 2.08 | 2.64 |
| <i>of which by segment:</i> | | | |
| <i>Transport</i> | <i>76.1%</i> | <i>76.4%</i> | <i>78.0%</i> |
| <i>Infrastructure</i> | <i>23.7%</i> | <i>23.4%</i> | <i>21.8%</i> |
| <i>Real estate services</i> | <i>0.1%</i> | <i>0.1%</i> | <i>0.1%</i> |
| <i>Other services</i> | <i>0.1%</i> | <i>0.1%</i> | <i>0.1%</i> |

1 A location-based calculation approach is used to calculate emissions in accordance with the "GHG Protocol Corporate Accounting and Reporting Standard". The conversion factors used refer to year "n-2". The conversion factor sources are National Inventory Report - Italian Greenhouse Gas Inventory 1990-2019 (NIR) and Common Reporting Format (CRF) (Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA), 2021), SINAnet - Rete del Sistema Informativo Italy Ambientale - "Fattori di emissione per le sorgenti di combustione stazionarie In Italy" (Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA), 2019, DEFRA UK - Conversion factors.

2 The 100-year Global Warming Potential (GWP) of CH₄ (28) and N₂O (265) was used to calculate tonnes of CO₂ equivalents. These factors are given in the Fifth Assessment Report "Climate Change 2013: The Physical Science Basis" (Intergovernmental Panel on Climate Change (IPCC), 2013).

3 Scope 3 - Emissions from the direct combustion of fossil fuels purchased for heating, to generate electricity and thermal energy and to fuel transport vehicles; the emission sources classified as Scope 1 are generally owned and controlled directly by the organisation.

Scope 2 - Emissions from the generation of electricity imported and consumed by the organisation for electronic devices, heating and lighting in buildings; importers are indirectly responsible for the emissions generated by the supplier to produce the electricity requested.

Land development and protection

³⁶ A CO₂ equivalent (CO₂e) is a necessary unit of measure to express in a standardised manner the impact of various greenhouse gases on the climate. In addition to the main greenhouse gas (CO₂) the equivalents include methane gas (CH₄) and nitrous oxide (N₂O) generated by anthropic activities that entail the burning of fossil fuels.

A large infrastructure because part of the socio-cultural context, affecting people's individual fates, family plans, social groups and even the local and national structures.

To ensure the adequate inclusion of highly complex engineering projects in the land, such as railway and roadway infrastructures, the group devotes specific attention to the integrated assessment of environmental, social and economic impacts over the infrastructure's entire life cycle. It is therefore necessary to ensure systematic dialogue with all stakeholders in the construction process, from the initial design stages to infrastructure construction and operation.

Environmental analyses focus on an analysis of the local context in which the infrastructure will be built, assessing its final impact on the area, the interferences caused by all site aspects during construction and the mitigation and compensation measures that will be taken.

Archaeological studies and explorations before the design stage are carried out to find and resolve any critical archaeological issues before work begins. The results of these studies and activities enable the competent local archaeological superintendent to express an opinion on the studied projects and dictate instructions for constructions.

To minimise the impacts of new infrastructure or upgrades to existing infrastructure during construction and operations, work is planned to reduce the residual environmental impact, such as creating green areas and naturalistic engineering near roads, art work and the opening of tunnels. Impact minimisation also entails maintaining connectivity through ecoducts and wildlife crossings, treating surface water using first flush rainwater treatment tanks and handling accidental spills, as well as reducing air pollution with plant barriers to capture dust.

In 2021, based on the "Guidelines for drafting technical and financial feasibility projects as a basis for public works contracts funded by the National Resilience and Recovery Plan and supplementary national investment plan" the group drafted sustainability studies and reports related to the works planned under the National Recovery and Resilience Plan in order to provide a clear overview of the potential of the infrastructure works to generate value for the community.

By measuring sustainability indicators, the analyses stressed the benefits offered by infrastructure projects in terms of economic, environmental, social and tourist development of the regions, also considering the specific features of the areas involved.

The studies and reports also highlighted the group's focus during the development of products to identify solutions aimed at boosting regional cohesion, environmental protection, efficient use of resources to boost the circular economy, greater resilience of infrastructure, creating new connections for sustainable mobility and value for the development of local areas. The group also carried out specific assessments of environmental objectives as per the EU Taxonomy Regulation 852/2020 in application of the "do no significant harm" principle, as part of the technical and financial feasibility projects funded by the National Recovery and Resilience Plan).

The chart below illustrates the most material environmental aspects³⁷ in the construction of the railway infrastructure that the group contracts out to third party companies, mainly assigning the group companies a technical role and, as needed and according to the specific contractual structure, works management and/or supervision.

³⁷ Any changes in the data with respect to the previous reporting years are due to the different sample of work sites considered and the progress of the work.

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| Materials used by weight or volume | 2021 | 2020 | 2019 |
|---|------------------|------------------|------------------|
| Non-renewable materials | 6,909,546 | 4,225,577 | 2,884,247 |
| Earth - procurement | 205,401 | 436,489 | 36,074 |
| Concrete | 4,473,439 | 2,676,502 | 1,696,123 |
| Inert material | 1,973,892 | 964,240 | 602,929 |
| Steel for railway superstructure | 2,216 | 777 | 725 |
| Steel for railway technology systems | 2,792 | 5,745 | 5,235 |
| CAP sleepers | 37,550 | 4,909 | 261,759 |
| Iron | 213,875 | 136,780 | 233,740 |
| Aluminium | 73 | 11 | 35 |
| Copper | 308 | 124 | 47,627 |
| Renewable materials | 8,088,261 | 7,368,805 | 4,076,889 |
| Earth - reuse | 2,400,368 | 1,723,284 | 1,058,069 |
| Earth - reuse through environmental redevelopment | 5,687,893 | 5,645,521 | 3,018,820 |

| Recycled raw materials (sites) | 2020 | 2020 | 2019 |
|--|-------------|-------------|-------------|
| Percentage of materials used that are recycled input materials | 53.9% | 63.6% | 58.6% |
| Percentage of earth reused | 97.5% | 94.4% | 99.1% |

mega-litres

| Water withdrawn by source (work sites) | 2021 | 2020 | 2019 |
|---|--------------|--------------|------------|
| Civil use | 130 | 110 | 101 |
| <i>from aqueducts</i> | 129 | 107 | 101 |
| <i>from underground water (water table and sources)</i> | 1 | 1 | |
| <i>from bodies of water</i> | | 2 | |
| Industrial use | 1,886 | 1,955 | 660 |
| <i>from aqueducts</i> | 448 | 322 | 126 |
| <i>from underground water (water table and sources)</i> | 1,357 | 1,393 | 512 |
| <i>from bodies of water</i> | 81 | 240 | 22 |
| Total water withdrawn by work sites | 2,016 | 2,065 | 761 |

mega-litres

| Water discharge by quality and destination (work sites) | 2021 | 2020 | 2019 |
|---|--------------|--------------|--------------|
| Domestic wastewater | 124.9 | 104.2 | 100.7 |
| sent to sewers | 40.0 | 32.5 | 40.4 |
| sent elsewhere | 84.9 | 71.7 | 60.3 |
| Industrial wastewater | 975 | 888 | 404 |
| sent to sewers | 12.0 | 0.1 | 1.8 |
| - <i>water treated beforehand</i> | 100.0% | 100.0% | - |
| sent elsewhere | 962.6 | 887.4 | 401.8 |
| - <i>water treated beforehand</i> | 98.7% | 99.9% | 100.0% |
| Total wastewater | 1,100 | 992 | 504 |

tonnes

| Waste produced by type (work sites) | 2021 | 2020 | 2019 |
|-------------------------------------|------------------|------------------|----------------|
| Non-hazardous special waste | 1,462,731 | 1,202,465 | 711,186 |
| Hazardous special waste | 20,268 | 25,841 | 6,076 |
| Total waste produced | 1,482,999 | 1,228,306 | 717,262 |

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| Waste sent for treatment (work sites) | 2021 | 2020 | 2019 |
|--|------------------|------------------|----------------|
| Non-hazardous special waste sent for treatment | 1,378,751 | 1,172,206 | 711,186 |
| <i>sent for recycling</i> | 82.0% | 90.5% | 81.9% |
| <i>sent for disposal</i> | 18.0% | 9.5% | 18.1% |
| Hazardous special waste sent for treatment | 12,754 | 25,826 | 4,311 |
| <i>sent for recycling</i> | 40.4% | 1.4% | 1.1% |
| <i>sent for disposal</i> | 59.6% | 98.6% | 98.9% |
| Total waste sent for treatment | 1,391,505 | 1,198,032 | 715,497 |

The development of transport infrastructures plays a delicate role with respect to biodiversity as well, as it can eliminate habitats, fragment ecosystems, increase mortality for certain species and have other negative repercussions.

The development of infrastructure with respect for biodiversity includes the following actions:

- prevention: abstaining from building unnecessary infrastructures and not involving protected areas;
- mitigation: minimising the impacts in the appropriate ways (underpasses, overpasses, fencing);
- offsetting: restoring the overall balance of biodiversity lost due to the construction of the infrastructure by re-establishing ecosystems, recreating alternative habitats elsewhere.

The FS Italiane group is aware of the fragility of the ecosystems where it conducts its activities and, for this reason, has made safeguarding biodiversity a top priority.

The following table summarises the main data for the projects carried out in 2021:

| Site | Geographical area | Protected area | Type of protection | Site size (km ²) | Activity | Value of biodiversity |
|---|-----------------------|---|-------------------------------------|--|--|--------------------------------|
| Upgrading the Venice - Trieste railway line | Friuli Venezia Giulia | ZPS/ZSC - IT3330005 "Foce dell'Isonzo - Isola Della Cona" | Natura 2000 | 26.68 | Railway line | Habitat 92A0 |
| Laying of double tracks on the Rome – Viterbo line Cesano – Vigna di Valle section | Lazio | ZSC IT8050049 "Fiumi Tanagro e Sele" | Natura 2000 | 36.77 | Railway line | There are no protected species |
| Conversion into motorway of the Salerno/Avellino connector including adapting state road 7 and 7 Bis as far as Avellino Est junction of the A16. 1st lot from Mercato S. Severino to the Fratte junction | Campania | ZSC/ZPS IT8050056 "Fiume Irno" | Natura 2000 | 0.0065 | Type-A motorway connector | n.a. |
| State road 268 "del Vesuvio" - change from two to four lanes from km 19+554 to km 29+300 split into two operating lots: 1st lot from km 19+554 to km 23+100; 2nd lot from km 23+100 to km 29+300 and Verification of the plan to use excavated earth and rocks as per Presidential decree no. 120/2017. | Campania | Parco Regionale del Fiume Sarno | Protected area | i) 0.023 ii) 0.019 | i) Type-B state road ii) Work sites | n.a. |
| State road 4 Variation of the built-up area of the Monterotondo hub - 2nd lot. Definitive design | Lazio | "Laghetti in Località Semblera" natural monument | Protected area | 0.009 | Type-C state road | n.a. |
| E78 S.G.C. "Grosseto-Fano" Siena-Bettolle section (A1). Change to four lanes of the Siena-Ruffolo section (Lot 0). Definitive project. | Tuscany | Siena historical city centre | UNESCO (buffer zone) | 0.5163 | Type-B state road | n.a. |
| State road 45 bis Gardesana Occidentale - Definitive design for the works to build a tunnel as a variation between km 86+567 and km 88+800 with Verification of the plan to use earth as per article 9 of Presidential decree no. 120/2017 | Lombardy | a) Parco Regionale dell'Alto Garda Bresciano b) ZPS IT2070402 "Alto Garda Bresciano" | a) Protected area b) Natura 2000 | a - i) 0.0018 a - ii) 0.021 b - i) 0.001 b - ii) 0.02 | i) Type-C state road ii) Work sites | n.a. |
| Completion of the Vicenza connector - 1st lot - Completion | Veneto | SIC IT 3220040 "Bosco di Dueville e risorgive limitrofe" | Natura 2000 | ≈ 0 | Crossing the Bacchiglione river and Zubana irrigation canal with two bridges - Type-C state road | n.a. |

The group has always devoted utmost attention to making contractors aware of the importance of safety at railway infrastructure sites and holding them accountable for site safety.

The main safety indicators are reported below:

| | unit | | |
|--|-------|-------|-------|
| Injuries to employees of contractors ¹ | 2021 | 2020 | 2019 |
| Injuries | 202 | 214 | 147 |
| <i>fatalities</i> | | 2 | 1 |
| Accident rate of employees of contractors ¹ | 2021 | 2020 | 2019 |
| Frequency rate ² | 18.09 | 26.21 | 20.12 |
| Severity index ³ | 0.77 | 3.23 | 1.91 |

¹ The data refer to sites for civil and technological contracts in which Italferr is involved as works manager/coordinator during performance and for the contracts for new HS/HC lines awarded to general contractors in which Italferr provides works management and safety oversight. The data also refer to general contracts in which Italferr provides oversight for both works management and safety.

² Frequency rate: [number injuries/hours worked]*1,000,000.

Hours worked are calculated by multiplying the number of daily working hours (conventionally 8h/day) by the number of man days for blue collar workers.

³ Seriousness rate: [(days of prognosis + conventional days for the fatalities)/hours worked] x 1,000.

Conventional days for fatalities are calculated by multiplying the number of fatalities by 7,500. Hours worked are calculated by multiplying the number of daily working hours (conventionally 8h/day) by the number of man days of blue collars.

In 2021, the frequency rate is lower than that recorded in 2020 (F= 26.21), as is the seriousness rate (3.23 in 2020) because of the two fatalities in 2020 as opposed to none in 2021.

The number of hours worked increased by approximately 36% in 2021, a clear sign of the increased investments in the railway sector and the group's renewed commitment to continue updating the country's railway infrastructure network as much by laying new sections as by equipping existing sections with last-generation technologies.

Alongside this increase in the number of hours worked, the number of injuries dropped both in absolute terms (202 injuries compared to 214 in 2020) and in relative terms, as demonstrated by the lower frequency index.

Waste management

The FS Italiane group is inspired by the redesign of production cycles to be increasingly circular, according to a management model more and more geared towards the prevention, reduction, reuse and recycling of waste³⁸. The continuous improvement in the management of the waste cycle is a group priority.

Classifying waste by origin, over 95% derives from industrial activities - mainly iron, steel, concrete and wood sleepers - and only a residual portion is classified as urban waste, of which roughly 60% comes from waste collections at stations. Waste from the operations of infrastructure and transport companies account for over 99% of total waste produced by the group.

After the downswing in 2020, the gradual resurgence of activities led to a rise in waste production - i.e., waste from the demolition of railway cars or the replacement of wood sleepers along the railway sections being updated - even exceeding 2019 figures. The volume of urban waste at the group's sites also bounced back to near 2019 levels. The volume of urban waste at stations remained low due to travel restrictions however.

³⁸ Waste is classified by origin: special waste and urban waste. Special waste is due to the production activities of industries and companies and, considering the concentration of pollutants, it is classified as hazardous or non-hazardous. Waste classified as urban waste is special waste with the characteristics or composition of commodities, which allow for it to be recycled or disposed of in plants originally designed for the treatment of urban or domestic waste from residential buildings and managed by the public administration.

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| Waste produced by type (group)* | 2021 | 2020 | 2019 |
|---------------------------------|----------------|----------------|----------------|
| Urban waste | 7,197 | 5,736 | 6,892 |
| <i>sorted waste</i> | 30.6% | 30.9% | 31.3% |
| Urban waste at stations | 10,439 | 9,420 | 16,179 |
| <i>sorted waste</i> | 30.9% | 31.3% | 33.6% |
| Non-hazardous special waste | 323,465 | 274,981 | 300,681 |
| <i>sent for recycling</i> | 96.0% | 96.0% | 96.0% |
| <i>sent for disposal</i> | 4.0% | 4.0% | 4.0% |
| Hazardous special waste | 60,660 | 61,092 | 64,447 |
| <i>sent for recycling</i> | 93.0% | 96.0% | 95.0% |
| <i>sent for disposal</i> | 7.0% | 4.0% | 5.0% |
| Total waste produced | 401,761 | 351,229 | 388,199 |
| of which % per segment: | | | |
| <i>transport</i> | 22.6% | 22.4% | 28.5% |
| <i>infrastructure</i> | 77.4% | 77.5% | 71.3% |
| <i>real estate services</i> | 0.0% | 0.0% | 0.1% |
| <i>other services</i> | 0.0% | 0.0% | 0.1% |

(*) The amount of special waste produced is calculated based on the amounts reported in the waste identification formulations. The amounts related to urban waste are based on the waste's weight on a scale or the average weight of bags of waste produced.

Water management

The efficient use of water resources, the treatment of wastewater, the protection of water quality, controls and grid management are some of the main activities performed by the FS Italiane group companies for proper water management. The FS Italiane group consumes limited amounts of water because of its type of core business - mainly for civil use (approximately 87% of consumption is for offices, toilets and showers in the workshops and drinking fountains at stations) and, to a lesser extent (the remaining 13%), for industrial use (washing trains and buses).

The group companies hold frequent awareness campaigns to inform passengers about the responsible use of this resource and, with respect to industrial use, these campaigns mostly focus on reducing consumption to ensure the effective collection and treatment of the wastewater³⁹. The 2021 data present a downwards trend, substantially due to the reduced presence of personnel in the offices and smaller number of users in the stations due to the public health emergency.

³⁹ Water withdrawn for industrial use undergoes a different treatment from that for civil use, considering the specific characteristics of the pollutants.

mega-litres

| Water withdrawn by use and source (group) | 2021 | 2020 | 2019 |
|--|---------------|---------------|---------------|
| Civil use* | 15,974 | 16,093 | 17,286 |
| - from aqueducts | 8,562 | 8,608 | 9,207 |
| - from underground water (water table and sources) | 7,363 | 7,477 | 8,074 |
| - from bodies of water | 49 | 8 | 5 |
| Industrial use | 2,390 | 2,336 | 2,904 |
| - from aqueducts | 1,488 | 1,426 | 1,682 |
| - from underground water (water table and sources) | 859 | 863 | 1,177 |
| - from bodies of water | 43 | 47 | 45 |
| Total water withdrawn by the group | 18,364 | 18,429 | 20,190 |
| of which: % per segment: | | | |
| <i>transport</i> | <i>16.1%</i> | <i>17.1%</i> | <i>18.4%</i> |
| <i>infrastructure</i> | <i>83.2%</i> | <i>82.3%</i> | <i>80.8%</i> |
| <i>real estate services</i> | <i>0.5%</i> | <i>0.5%</i> | <i>0.5%</i> |
| <i>other services</i> | <i>0.1%</i> | <i>0.1%</i> | <i>0.2%</i> |

* includes withdrawals for civil use in stations.

mega-litres

| Water discharge by quality and destination (group)* | 2021 | 2020 | 2019 |
|--|---------------|---------------|---------------|
| Wastewater sent to sewers | 15,396 | 13,963 | 15,167 |
| % of <i>water treated beforehand</i> | <i>8.8%</i> | <i>6.8%</i> | <i>7.4%</i> |
| Wastewater sent elsewhere | 872 | 743 | 889 |
| % of <i>water treated beforehand</i> | <i>25.6%</i> | <i>37.5%</i> | <i>36.0%</i> |
| Total wastewater discharged by the group | 16,268 | 14,706 | 16,056 |
| of which: % per segment: | | | |
| <i>transport</i> | <i>14.0%</i> | <i>15.3%</i> | <i>15.6%</i> |
| <i>infrastructure</i> | <i>85.2%</i> | <i>84.0%</i> | <i>83.5%</i> |
| <i>real estate services</i> | <i>0.6%</i> | <i>0.6%</i> | <i>0.6%</i> |
| <i>other services</i> | <i>0.2%</i> | <i>0.2%</i> | <i>0.3%</i> |

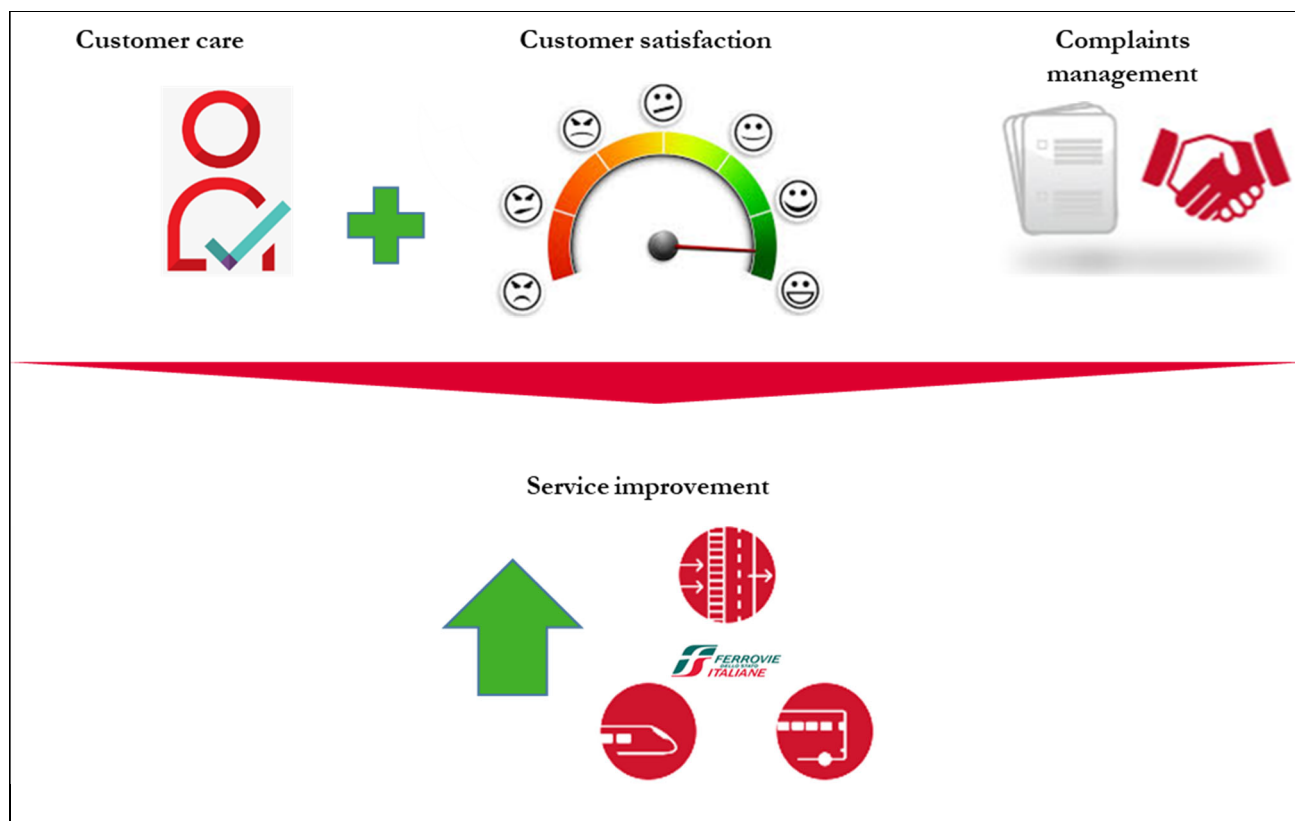
(*) Discharge resulting from the group use is mainly classified as domestic wastewater (in 2021, domestic wastewater accounted for roughly 88% of total wastewater). This water is discharged by being sent to the municipal sewage system in accordance with the requirements of Legislative decree no. 152/2006.

There could be spills in the performance of the group companies' activities,⁴⁰ mainly in connection with the storage of diesel. Accidental events of this kind mostly consist of small spills that are immediately contained, followed by environmental reclamation by a specialised firm.

⁴⁰ There were 10 significant spills in 2021 for a total volume of roughly 159.3 m³.

The travel experience

To offer quality services to passengers and industrial customers, the group has had a monitoring process for customer care in place for some time, based on the parameters established in the service charters, and customer satisfaction surveys to analyse the expectations and satisfaction levels of passengers and customers.



Infrastructure

The Infrastructure segment includes:

- railway network/stations
- road and motorway network

In respect of the railway network and the stations, the group monitors the objectives set out in the service charter (required by legislation covering public services in the transport sector - Decree of the Prime Minister of 27 January 1994 and Decree of the Prime Minister of 30 December 1998). All objectives were achieved in 2021, both as relates to the perceived quality measured via customer satisfaction surveys, and the quality offered, assessed via internal and third-party monitoring.

| Railway network/stations | 2021 target | 2021 actual |
|----------------------------------|--|-------------|
| Indicator | | |
| Focus on the environment | Double the portion of electricity from renewable sources for internal use by RFI acquired under a specific supply contract (bids for tender) | achieved |
| Safety at the station | Number of thefts in stations below the 2016-2018 three-year average number* | achieved |
| <i>Accessibility of stations</i> | Works carried out to improve accessibility (raising platforms to height of 55cm, lifts) – at least 125 operations | achieved |

* Data is monitored by Polfer. There has been constant improvement since 2007 thanks to effective actions over time and long-term plans defined by the group for the safety of its customers and assets carried out in collaboration with the railway police under agreements signed from 2007 onwards with the Ministry of the Interior. Accordingly, the target figure is compared to the average three-year 2016-2018 figure from this year on.

The results of the customer satisfaction surveys for the perceived quality targets showed that the percentage of passengers satisfied (i.e., they rated their satisfaction as between 6 and 9) with the services offered at stations was slightly improved on 2020 for nearly all macro-factors. Satisfaction levels were also high in 2021 with the quality of Sale Blu services.

| Railway network/stations | 2021 actual | 2020 actual | Change percentage points (p.p.) |
|---|-------------|-------------|---------------------------------|
| Quality (Quality of stations overall) | 98.2% | 96.8% | +1.4 |
| Information at stations (Perception of information under critical operating conditions) | 96.3% | 95.8% | +0.5 |
| Assistance (Level of satisfaction with the assistance service provided by the Sale Blu network) | 99.6% | 99.0% | +0.6 |

In respect of the road and motorway network, the group monitors the objectives set out in the service charter:

| Roads and motorways | 2021 target | 2021 actual |
|--|-----------------------------------|-----------------|
| Indicator | | |
| Service regularity (Amount of time road closed for unexceptional snowfall and/or not due to scheduled closing on sample sections) | < 12 hours | Partly achieved |
| Travel safety (When an event affecting roads occurs, the time between the verification of the alert in the control room and its publication on user information systems (VAI, PMV, Anas website)) | Standard max 30 minutes | Achieved |
| Definitive response to customers within 30 calendar days of the request for information, complaints, suggestions | 80% | 92% |

The customer satisfaction survey carried out in the year to collect feedback on the opinions and satisfaction of customers who contacted the customer care office showed a satisfaction score of 7.4 out of 10 (for the first nine months of the year).

Railway passenger transport

Railway passenger transport can be split into two main areas:

- medium and long-haul transport
- regional

Italy

Punctuality improved for all service types.

| Punctuality in Italy **** | 2021 | 2020 | Change percentage points (p.p.) |
|---|-------|-------|---------------------------------------|
| data updated to 13 January 2022 | | | |
| Commercial services (Freccie)* | 82.5% | 79.1% | +3.4 |
| Universal service (Day and Night Intercity)** | 88.5% | 87.3% | +1.2 |
| Regional service*** | 93.0% | 92.8% | +0.2 |

(*) % of trains arriving within 10 minutes of the scheduled time

(**) % of trains arriving within 15 minutes of the scheduled time

(***) % of trains arriving within 5 minutes of the scheduled time

(****) All trains arriving after the indicated time limit are considered as late (no exceptions)

Perceived quality is measured through periodic surveys of passengers aged 14 years and up about their experience on trains managed by the group (medium/long haul⁴¹ and short haul journeys and local/regional transport⁴²). Surveys are conducted using face-to-face and telephone interviews⁴³.

In 2021, 97.1% of medium and long-haul train customers were satisfied with the overall journey, up 1.8 percentage points on the previous year. Overall, all main aspects improved on the previous year, specifically punctuality, which increased by 4.1 percentage points.

| Medium and long haul | 2021 | 2020 | Change percentage points (p.p.) |
|----------------------|-------|-------|---------------------------------|
| Overall journey* | 97.1% | 95.3% | +1.8 |
| Cleanliness | 94.9% | 93.0% | +1.9 |
| Punctuality | 91.4% | 87.3% | +4.1 |
| Comfort | 96.8% | 95.4% | +1.4 |

* Satisfaction with the overall journey considers all stages of the journey (door to door).

The regional transport survey results also show higher passenger satisfaction.

90.4% of passengers were satisfied with the overall journey (up 1.4 p.p. on 2020) and there was higher passenger satisfaction with all main aspects of the journey overall. An analysis of the individual aspects of the journey shows an improvement in punctuality (+2.1 p.p.), cleanliness (+1.9 p.p.) and comfort (+1.2 p.p.).

| Regional | 2021 | 2020 | Change percentage points (p.p.) |
|------------------|-------|-------|---------------------------------|
| Overall journey* | 90.4% | 89.0% | +1.4 |
| Cleanliness | 81.1% | 79.2% | +1.9 |
| Punctuality | 82.0% | 79.9% | +2.1 |
| Comfort | 90.7% | 89.5% | +1.2 |

*Satisfaction with the "overall journey" covers the entire travel experience (door-to-door).

UK

The FS Italiane group operates in the UK through Trenitalia c2c Limited, which offers passenger transport services between London and Essex.

A survey was carried out in 2021 using Wavelength⁴⁴, which showed an improvement in customer satisfaction during the year. Overall satisfaction was 77/100 in the first quarter (10 January - 31 March), improving to 78/100 at the end of the year.

Greece

TrainOSE measures passenger satisfaction quarterly (e.g., surveys and mystery customers). An independent entity carries out the analysis. The sample analysed amounted to 2,000 passengers (including all business segments: long haul,

⁴¹Surveys are conducted once every two months for a total of six surveys per year and entail 5,000 interviews with a sample of passengers selected using a probability-based procedure in connection with three different aspects: traffic, station and brand.

⁴²Surveys are conducted every two months for a total of six surveys per year and entail 7,666 interviews. Such a high number of interviews makes it possible to survey passengers travelling on the 35 main regional railway lines throughout all of Italy.

⁴³Face-to-face interviews are conducted at the station before the interviewees board their trains. Telephone interviews using CATIs (computer assisted telephone interview), are conducted through call-backs to interviewees two/three days after the journey. The score for each variable considered in the survey is on a scale of one to nine, where nine corresponds with the highest satisfaction and one with the lowest. Passengers who report a satisfaction rate equal to or greater than six are considered satisfied.

⁴⁴ The National Rail Passenger Survey performed by Transport Focus in 2020 was not carried out in 2021 due to the pandemic. It was replaced by the Wavelength customer satisfaction survey. As a result, the results of the two years cannot be compared.

interurban, regional). There was a general decline in customer satisfaction in 2021 which would appear linked to lower satisfaction with punctuality and service reliability, which in most cases was a result of issues related to the management of infrastructure (which is carried out by another party).

| Greece | 2021 | 2020 | Change percentage points (p.p.) |
|---|-------|-------|---------------------------------|
| Satisfaction with the journey (overall) | 73.3% | 84.0% | -10.7 |
| Punctuality | 67.2% | 77.0% | -9.8 |
| Reliability | 66.7% | 78.9% | -12.2 |
| Cleanliness on board trains | 75.5% | 77.3% | -1.8 |

Germany

To monitor punctuality and passenger satisfaction, the Netinera group uses a methodology established by the Public Transport Authority on a regional basis and on the basis of the type of service offered. Accordingly, group and company indicators are not currently available.

Road passenger transport

Italy

Customer satisfaction with the punctuality of services in Italy in 2021 (measured as the ratio of recorded delays to monitored journeys) is compared with 2019, as 2020 was impacted by the most acute phases of the pandemic, with significant impact in terms of reduced services, thus making it impossible to compare such figures with other years.

Compared with 2019, a year of regular services, there is a considerable improvement in satisfaction with punctuality in both urban and suburban services (the figure is calculated as the ratio of recorded delays to monitored runs, weighted by the number of runs operated in the year).

| Road passenger transport | 2021⁴⁵ | 2019⁴⁶ | Change percentage points (p.p.) |
|---|--------------------------|--------------------------|--|
| Punctuality (urban) (% of arrivals within five minutes of the scheduled time) | 95.0% | 90.3% | +4.7 |
| Punctuality (suburban) (% of arrivals within 15 minutes of the scheduled time) | 95.3% | 88.3% | +7.0 |

Regular monitoring of customer satisfaction was able to resume in 2021. The preferred method was field surveys, directly interviewing customers while they are using the services.

Thus, the surveys were carried out via face-to-face interviews for both urban and suburban services. The sampling was stratified by customer pool and line, with random extraction.

In addition to socio-behavioural data, the survey gathered data on customers' perception of the quality of the service provided (customer satisfaction), using a score of one to ten. Customer satisfaction is gauged on both the service overall and individual aspects of the service.

The consolidated results of the surveys carried out in 2021, referred to Umbria, Veneto and Campania in May and November. They covered both urban and suburban services and were consolidated by weighing the figures for each individual area by the corresponding number of passengers.

The tables below show 2021 figures compared with 2019 because, as reported last year, there were huge disruptions to services in 2020 due to the public health emergency which also affected the customer satisfaction survey. The comparison with pre-pandemic figures show how all parameters have improved, demonstrating the group's commitment to improving its services even in such a difficult period. A total of 5,833 customers were interviewed in 2021, of which 3,191 on urban services and 2,642 on suburban services.

| Passenger urban road transport | 2021⁴⁷ | 2019⁴⁸ | Change percentage points (p.p.) |
|---------------------------------------|--------------------------|--------------------------|--|
| Overall score | 90.6% | 87.9% | +2.7 |
| Cleanliness | 80.5% | 78.5% | +2.0 |
| Comfort | 82.5% | 77.3% | +5.2 |

| Passenger suburban road transport | 2021⁴⁹ | 2019⁵⁰ | Change percentage points (p.p.) |
|--|--------------------------|--------------------------|--|
| Overall score | 88.7% | 83.9% | +4.8 |
| Cleanliness | 79.3% | 69.9% | +9.4 |
| Comfort | 82.8% | 76.6% | +6.2 |

⁴⁵The scope includes LPT services in Umbria, Veneto and Campania.

⁴⁶The scope includes LPT services in Tuscany, Umbria, Veneto and Campania.

⁴⁷ The scope includes LPT services in Umbria, Veneto and Campania.

⁴⁸The scope includes LPT services in Tuscany, Umbria, Veneto and Campania.

⁴⁹ The scope includes LPT services in Umbria, Veneto and Campania.

⁵⁰The scope includes LPT services in Tuscany, Umbria, Veneto and Campania.

The Netherlands

The "OV Barometer" is used nationally to measure passenger satisfaction for Qbuzz BV⁵¹, for all routes and operators. The survey was not carried out in 2021 due to Covid-19 restrictions.

Freight

For the first time in 2021, all freight companies conducted a customer satisfaction survey using the same method. Customer centrality is a fundamental value for all Mercitalia companies.

The companies ensured the following in 2021 in order to meet customer needs:

- providing tailor-made services;
- flexible transport solutions that are efficient and competitive;
- developing effective business-customer relations to ensure suitable, timely and customised offers;
- innovating and developing strategic drivers, combined with updating the Mercitalia group's vehicles and infrastructures.

Specifically, the level of satisfaction with the services provided was assessed via an online questionnaire involving customers representing at least 70% of transport revenue.

Customers rated the overall services of the Mercitalia group (Mercitalia Rail, Mercitalia Logistics and Mercitalia Shunting & Terminal are the companies that conducted the survey) 7.0 out of 10, calculated as the average score given to the different companies. This demonstrated the customers' appreciation of the group's efforts to offer a service of increasingly higher quality and focused on their needs.

⁵¹ "OV-Klantbarometer" is the name of the national survey conducted by an independent party to gather feedback from public transport passengers (urban and regional). Passengers may score the various aspects of the service. The survey is conducted quarterly on buses, trams, underground trains, regional trains and ships in most of the areas covered by public transport service concession operators.

Sustainable supply chain

The FS Italiane group companies conduct negotiations in accordance with the antitrust principles in the EU Treaty and the “FS Italiane group companies negotiations regulation”.

The group’s relationships with suppliers (including external contractors, consultants, intermediaries, sub-contractors, sub-suppliers and, in general, all parties in the supply chain) and business partners are based on upholding the principles of honesty, integrity, impartiality and sustainability.

As reiterated in the Code of Ethics, all our actions and conduct are characterised by the greatest honesty and we only operate with reliable, honourable individuals and companies of good repute.

Responsible management of the group’s supply chain begins with the inclusion of rules (labour and social security laws with the application of national labour agreements, occupational health and safety, Code of Ethics, etc.) in standard contractual clauses and continues, in certain instances as part of the group companies’ management systems, with a process to improve the environmental and social performance of their suppliers.

In line with the rules of the Public Contracts Code (Legislative decree no. 50/2016), suppliers are vetted on the basis of assessments relating to quality, price and other corporate pre-requisites (the supplier’s location and nationality are not part of the vetting criteria). Based on the sustainable procurement guidelines issued by the parent, the group companies include sustainability criteria in their calls for tender based on the materiality of the environmental and social aspects applicable to the main categories of goods, for example:

- having environmental, social, health and safety and quality certifications (e.g., ISO 14001, ISO 9001, ISO 45001, etc.);
- the use of ecological materials and product certification (e.g., Ecolabel, Blauer Engel, etc.);
- energy efficiency and the procurement and use of energy from renewable sources;
- measures for the protection of health and safety in the workplace;
- amplifying diversity and inclusion (e.g., % of women in project teams).

Over €22.2 billion of the economic value of contracts awarded by the group in 2021 (with environmental and social criteria included in over 90% of bids for tender), confirming its role as the powerhouse behind the country’s economic and infrastructural development.

In 2021, the group companies paid suppliers over €16.4 billion, roughly 65% of which for the performance of contracts and 92% consisting of suppliers based in Italy and directly and indirectly generated income and job opportunities in the country.

| Percentage of expenses for direct local suppliers | Unit of measure | 2021 | 2020 | 2019 |
|---|-----------------|------|------|------|
| Italy | % | 92 | 89 | 85 |
| Abroad | % | 8 | 11 | 15 |

The monitoring of the environmental and social impacts of the supply chain continued in 2021. The survey was comprised of around 100 questions broken down into six sections (general information, human rights, the environment, the company, occupational health and safety and continuous improvement) and 74 strategic suppliers of the main group companies responded.

In addition, RFI S.p.A. assessed 611 suppliers (18% or 114 of which were new suppliers assessed for the first time in 2021) based on the environmental and social criteria provided by the EcoVadis monitoring platform.

As part of Railsponsible, an initiative that brings together major railway companies to promote sustainable procurement, work continued to develop actions in three significant areas: climate change, sustainable procurement and social responsibility.

Human capital

The number of group employees went from 81,409 at 31 December 2020 to 81,906 ⁵²at 31 December 2021, with a net increase of 497. Despite the ongoing public health emergency, the group continued its generational renewal, with 8,680 newly hired employees, and 8,183 who left, including 1,429 due to changes in the group scope.

The average number of employees decreased (-473).

| | |
|---------------------------------------|---------------|
| NO. OF EMPLOYEES AT 31.12.2020 | 81,409 |
| Incoming (*) | 8,680 |
| Outgoing (*) (**) | 8,183 |
| NO. OF EMPLOYEES AT 31.12.2021 | 81,906 |
| 2020 AVERAGE | 81,838 |
| 2021 AVERAGE (*) | 81,365 |

(*) incoming and outgoing employees include employees with fixed-term contracts in the ferry ship sector.

(**) This balance includes 1,429 outgoing resources due to sales of companies, of which 158 at NWN (subsidiary of Netinera), 773 at ATAF Gestioni S.r.l. and 498 at Busitalia Sita Nord S.r.l..

| Breakdown of personnel by gender and professional level | Unit | | |
|---|---------------|---------------|---------------|
| | 2021 | 2020 | 2019 |
| Managers | 998 | 1,004 | 999 |
| | 1.2% | 1.2% | 1.2% |
| - women | 237 | 215 | 198 |
| - men | 761 | 789 | 801 |
| Junior managers | 12,285 | 11,896 | 12,298 |
| | 15.0% | 14.6% | 14.7% |
| - women | 2,743 | 2,503 | 2,445 |
| - men | 9,542 | 9,393 | 9,853 |
| White collars | 39,934 | 38,829 | 40,299 |
| | 48.8% | 47.7% | 48.1% |
| - women | 10,386 | 9,829 | 9,849 |
| - men | 29,548 | 29,000 | 30,450 |
| Blue collars | 28,689 | 29,680 | 30,168 |
| | 35.0% | 36.5% | 36.0% |
| - women | 2,261 | 2,291 | 2,163 |
| - men | 26,428 | 27,389 | 28,005 |
| Total workforce (at 31 December) | 81,906 | 81,409 | 83,764 |
| - women | 15,627 | 14,838 | 14,655 |
| - men | 66,279 | 66,571 | 69,109 |
| Women | 19.1% | 18.2% | 17.5% |
| Men | 80.9% | 81.8% | 82.5% |
| Average number of the year | 81,365 | 81,838 | 83,181 |

The percentage of women in the workforce has increased constantly, reaching 19.1% of total employees in 2021 (+0.9 p.p. on 2020 and +1.6 p.p. on 2019), reflecting the group's efforts to reduce the gender gap.

⁵² The group is compliant with current regulations regarding protected groups of people.

Over 11% of employees work in companies based abroad (-0.1 p.p. on 2020 and +0.6 p.p. on 2019), confirming the group's internationalisation.

| | Unit | | |
|--|---------------|---------------|---------------|
| Personnel by geographical segment | 2021 | 2020 | 2019 |
| Personnel by geographical segment | 81,906 | 81,409 | 83,764 |
| Italy | 72,577 | 72,087 | 74,749 |
| - North | 28,724 | 28,196 | 30,477 |
| - Centre | 22,675 | 23,273 | 22,586 |
| - South and islands | 21,178 | 20,618 | 21,686 |
| Abroad | 9,329 | 9,322 | 9,015 |
| Italy | 88.6% | 88.5% | 89.2% |
| - North | 39.6% | 39.1% | 40.8% |
| - Centre | 31.2% | 32.3% | 30.2% |
| - South and islands | 29.2% | 28.6% | 29.0% |
| Abroad | 11.4% | 11.5% | 10.8% |

The total number of FS Italiane group employees at 31 December 2021, compared with the two previous year ends and broken down by age and professional level, is given below:

| | Unit | | |
|--|---------------|---------------|---------------|
| Breakdown of personnel by age and professional level | 2021 | 2020 | 2019 |
| Managers | 998 | 1,004 | 999 |
| <i>Under 20 years</i> | 0% | 0% | 0% |
| <i>Between 21 and 30 years</i> | 0% | 0% | 0% |
| <i>Between 31 and 40 years</i> | 4% | 4% | 5% |
| <i>Between 41 and 50 years</i> | 40% | 38% | 37% |
| <i>Between 51 and 60 years</i> | 44% | 45% | 46% |
| <i>Over 60 years</i> | 12% | 12% | 12% |
| Junior managers | 12,285 | 11,896 | 12,298 |
| <i>Under 20 years</i> | 0% | 0% | 0% |
| <i>Between 21 and 30 years</i> | 3% | 1% | 1% |
| <i>Between 31 and 40 years</i> | 16% | 14% | 12% |
| <i>Between 41 and 50 years</i> | 32% | 30% | 29% |
| <i>Between 51 and 60 years</i> | 34% | 38% | 40% |
| <i>Over 60 years</i> | 16% | 17% | 18% |
| White collars | 39,934 | 38,829 | 40,299 |
| <i>Under 20 years</i> | 1% | 0% | 1% |
| <i>Between 21 and 30 years</i> | 24% | 22% | 20% |
| <i>Between 31 and 40 years</i> | 25% | 23% | 21% |
| <i>Between 41 and 50 years</i> | 21% | 21% | 20% |
| <i>Between 51 and 60 years</i> | 21% | 25% | 28% |
| <i>Over 60 years</i> | 9% | 9% | 10% |
| Blue collars | 28,689 | 29,680 | 30,168 |
| <i>Under 20 years</i> | 1% | 1% | 1% |
| <i>Between 21 and 30 years</i> | 25% | 22% | 19% |
| <i>Between 31 and 40 years</i> | 21% | 21% | 21% |
| <i>Between 41 and 50 years</i> | 20% | 22% | 22% |
| <i>Between 51 and 60 years</i> | 25% | 26% | 29% |
| <i>Over 60 years</i> | 8% | 9% | 8% |

There were 8,680 newly hired FS Italiane group employees at 31 December 2021, as shown below in the breakdown by gender and contract type, compared to the two previous year ends:

| | Unit | | |
|--|--------------|--------------|--------------|
| Hires by gender/contract type | 2021 | 2020 | 2019 |
| Total hires by gender/contract type | 8,680 | 6,100 | 9,068 |
| apprenticeship | 3,121 | 1,911 | 4,035 |
| | 36.0% | 31.3% | 44.5% |
| - women | 620 | 343 | 1,003 |
| - men | 2,501 | 1,568 | 3,032 |
| fixed-term | 1,969 | 2,055 | 1,876 |
| | 22.7% | 33.7% | 20.7% |
| - women | 374 | 393 | 354 |
| - men | 1,595 | 1,662 | 1,522 |
| open-ended | 3,572 | 2,068 | 3,111 |
| | 41.2% | 33.9% | 34.3% |
| - women | 809 | 523 | 708 |
| - men | 2,763 | 1,545 | 2,403 |
| other contracts | 18 | 66 | 46 |
| | 0.2% | 1.1% | 0.5% |
| - women | 4 | 4 | 3 |
| - men | 14 | 62 | 43 |

The following tables contain details on personnel in the reporting period compared with the previous two years, divided by age group and professional category.^{53 54}

| | Unit | | |
|---------------------------------------|---------------|---------------|---------------|
| Employees by contract type and gender | 2021 | 2020 | 2019 |
| Total | 62,301 | 59,363 | 61,753 |
| Open-ended | 62,256 | 59,283 | 61,674 |
| - women | 11,700 | 10,828 | 10,773 |
| - men | 50,556 | 48,455 | 50,901 |
| Fixed-term | 44 | 78 | 76 |
| - women | 1 | 4 | 11 |
| - men | 43 | 74 | 65 |
| Other | 1 | 2 | 3 |
| - women | | | |
| - men | 1 | 2 | 3 |

⁵³ The data refer to the following companies: FS Italiane S.p.A. (the parent), RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Mercitalia Intermodal, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer, Nugo, FSTechnology, Cremonesi Workshop Ferrovie del Sud Est and FS International. The total number of employees in this scope of analysis is 62,301, approximately 76% of the group's total workforce.

⁵⁴ The following formula was used to calculate employee turnover: $[(\text{incoming} + \text{outgoing}) / \text{average number of employees}] \times 100$.

Unit

| Employees by contract type and geographical segment | 2021 | 2020 | 2019 |
|--|---------------|---------------|---------------|
| Total | 62,301 | 59,363 | 61,753 |
| Open-ended | 62,259 | 59,283 | 61,674 |
| <i>North</i> | 26,354 | 25,919 | 27,789 |
| <i>Centre</i> | 18,424 | 17,831 | 17,909 |
| <i>South and islands</i> | 17,246 | 15,369 | 15,846 |
| <i>Abroad</i> | 235 | 164 | 130 |
| Fixed-term | 41 | 78 | 76 |
| <i>North</i> | 3 | 8 | 11 |
| <i>Centre</i> | 5 | 7 | 14 |
| <i>South and islands</i> | 33 | 63 | 51 |
| <i>Abroad</i> | | | |
| Other | 1 | 2 | 3 |
| <i>North</i> | | | |
| <i>Centre</i> | | | 1 |
| <i>South and islands</i> | | | |
| <i>Abroad</i> | 1 | 2 | 2 |

Unit

| Employees by type of employment and gender | 2021 | 2020 | 2019 |
|---|---------------|---------------|---------------|
| Total | 62,301 | 59,363 | 61,753 |
| Full time | 61,742 | 58,703 | 60,867 |
| - <i>women</i> | 11,296 | 10,346 | 10,146 |
| - <i>men</i> | 50,446 | 48,357 | 50,721 |
| Part time | 558 | 658 | 883 |
| - <i>women</i> | 405 | 486 | 638 |
| - <i>men</i> | 153 | 172 | 245 |
| Other | 1 | 2 | 3 |
| - <i>women</i> | | | |
| - <i>men</i> | 1 | 2 | 3 |

Unit

| Hires by age | 2021 | 2020 | 2019 |
|--------------------------------|--------------|--------------|--------------|
| Total hires by age | 5,889 | 3,168 | 5,624 |
| Under 20 years | 579 | 234 | 616 |
| | 9.8% | 7.4% | 11.0% |
| - women | 83 | 27 | 123 |
| - men | 496 | 207 | 493 |
| Between 21 and 30 years | 3,864 | 2,218 | 4,168 |
| | 65.6% | 70.0% | 74.1% |
| - women | 884 | 496 | 1,207 |
| - men | 2,980 | 1,722 | 2,961 |
| Between 31 and 40 years | 939 | 393 | 495 |
| | 15.9% | 12.4% | 8.8% |
| - women | 203 | 131 | 131 |
| - men | 736 | 262 | 364 |
| Between 41 and 50 years | 343 | 189 | 206 |
| | 5.8% | 6.0% | 3.7% |
| - women | 69 | 33 | 26 |
| - men | 274 | 156 | 180 |
| Between 51 and 60 years | 141 | 115 | 114 |
| | 2.4% | 3.6% | 2.0% |
| - women | 14 | 4 | 9 |
| - men | 127 | 111 | 105 |
| Over 60 years | 23 | 19 | 25 |
| | 0.4% | 0.6% | 0.4% |
| - women | | | 1 |
| - men | 23 | 19 | 24 |

Unit

| Hires by geographical segment | 2021 | 2020 | 2019 |
|--|--------------|--------------|--------------|
| Total hires by geographical segment | 5,889 | 3,168 | 5,624 |
| Italy | 5,794 | 3,113 | 5,565 |
| - North | 2,358 | 1,147 | 2,426 |
| - Centre | 1,610 | 957 | 1,564 |
| - South and islands | 1,826 | 1,009 | 1,575 |
| Abroad | 95 | 55 | 59 |
| Italy | 98% | 98% | 99% |
| - North | 41% | 37% | 44% |
| - Centre | 28% | 31% | 28% |
| - South and islands | 32% | 32% | 28% |
| Abroad | 2% | 2% | 1% |

Unit

| Outgoing employees by age | 2021 | 2020 | 2019 |
|--|--------------|--------------|--------------|
| Total outgoing employees by age | 4,244 | 4,535 | 6,453 |
| Under 20 years | 9 | 7 | 13 |
| | 0.2% | 0.2% | 0.2% |
| - women | 4 | 2 | 3 |
| - men | 5 | 5 | 10 |
| Between 21 and 30 years | 285 | 141 | 222 |
| | 6.7% | 3.1% | 3.4% |
| - women | 57 | 32 | 41 |
| - men | 228 | 109 | 181 |
| Between 31 and 40 years | 226 | 113 | 137 |
| | 5.3% | 2.5% | 2.1% |
| - women | 41 | 17 | 21 |
| - men | 185 | 96 | 116 |
| Between 41 and 50 years | 130 | 120 | 93 |
| | 3.1% | 2.6% | 1.4% |
| - women | 13 | 6 | 6 |
| - men | 117 | 114 | 87 |
| Between 51 and 60 years | 852 | 986 | 1,558 |
| | 20.1% | 21.7% | 24.1% |
| - women | 69 | 87 | 182 |
| - men | 783 | 899 | 1,376 |
| Over 60 years | 2,742 | 3,168 | 4,430 |
| | 64.6% | 69.9% | 68.7% |
| - women | 326 | 338 | 544 |
| - men | 2,416 | 2,830 | 3,886 |

Unit

| Outgoing employees by geographical segment | 2021 | 2020 | 2019 |
|---|--------------|--------------|--------------|
| Outgoing employees by geographical segment | 4,244 | 4,535 | 6,453 |
| Italy | 4,217 | 4,517 | 6,432 |
| - North | 1,861 | 1,967 | 2,877 |
| - Centre | 971 | 1,020 | 1,550 |
| - South and islands | 1,385 | 1,530 | 2,005 |
| Abroad | 27 | 18 | 21 |
| Italy | 99% | 100% | 100% |
| - North | 44% | 44% | 45% |
| - Centre | 23% | 23% | 24% |
| - South and islands | 33% | 34% | 31% |
| Abroad | 1% | 0% | 0% |

| Turnover by age | 2021 | 2020 | 2019 |
|-------------------------|--------------|--------------|--------------|
| Total turnover | 16.6% | 12.9% | 19.5% |
| Under 20 years | 1.0% | 0.4% | 1.0% |
| Between 21 and 30 years | 6.8% | 3.9% | 7.1% |
| Between 31 and 40 years | 1.9% | 0.8% | 1.0% |
| Between 41 and 50 years | 0.8% | 0.5% | 0.5% |
| Between 51 and 60 years | 1.6% | 1.8% | 2.7% |
| Over 60 years | 4.5% | 5.3% | 7.2% |

| Turnover by gender | 2021 | 2020 | 2019 |
|-----------------------|--------------|--------------|--------------|
| Total turnover | 16.6% | 12.9% | 19.5% |
| Women | 2.9% | 2.0% | 4.0% |
| Men | 13.7% | 10.9% | 16.0% |

| Turnover by geographical segment | 2021 | 2020 | 2019 |
|----------------------------------|--------------|--------------|--------------|
| Total turnover | 16.6% | 12.9% | 19.5% |
| Italy | 16.4% | 12.7% | 19.3% |
| - North | 6.9% | 5.2% | 8.5% |
| - Centre | 4.2% | 3.3% | 5.0% |
| - South and islands | 5.3% | 4.2% | 5.8% |
| Abroad | 0.2% | 0.1% | 0.1% |

Relationships with trade unions, labour law and welfare

Changes in labour law affecting the FS Italiane group

As in previous years, all employees of the FS group companies under analysis⁵⁵ are hired under national labour agreements. The national labour agreement applied in nearly all cases is that for the mobility/railway sector of 16 December 2016, integrated by FS Italiane group's agreement of 16 December 2016⁵⁶.

With respect to labour legislation and contracts, guidance and opinions on the application of the contractual and legal provisions were provided in 2021, offering the usual support to the relevant group units (operations, labour law, labour regulations and disputes, trade unions). Therefore, specific notes were issued on the main regulatory provisions, including the public health emergency caused by Covid-19, even by contributing to the work of the intragroup task force. Furthermore, guidance was provided for the application of the trade union agreements signed in 2021, including WFH policies (e.g., legal aspects relating to the preparation of individual agreements and notices to employees) and opinions on the application of

⁵⁵ The data refer to the following companies: FS Italiane S.p.A., RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Mercitalia Intermodal, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer, Nugo, FSTechnology, Cremonesi Workshop, Ferrovie del Sud Est and FS International.

⁵⁶ The other national labour agreements applied are those for the logistics, freight transport and shipping sector (Mercitalia Intermodal), the service sector (GS Rail and GS Immobiliare) and the bus, rail, tram and ship workers (Mobility-LPT) (Busitalia Campania, Busitalia Rail Service and Busitalia Veneto). The national labour agreement applied for managers is that for managers of companies that produce goods and services.

legislation. In respect of the latter, the FS Italiane group companies are guaranteed assistance in the respective areas during tender procedures for the correct application of social and contractual clauses.

The labour law unit was given support in the interpretation of contracts/the law in the definition of defence briefs and the related lines of defence and in the drafting of opinions, acts and agreements (such as the individual labour agreement for the professional training apprenticeship of Busitalia Sita Nord).

Breakdown of disputes pending with employees at 31 December 2021, compared with the previous two years

| Disputes with employees | Unit of measure | 2021 | 2020 | 2019 |
|-------------------------------------|------------------------|-------------|-------------|-------------|
| Litigation notified during the year | no. | 1,656 | 1,865 | 1,505 |
| Pending disputes | no. | 2,603 | 2,926 | 3,023 |
| Economic value of the disputes | € | 50,752,546 | 48,894,570 | 49,071,588 |

The work of the Equal Opportunities Committee included liaising and coordinating the companies with respect to the company's activities and specifically regarding the role of confidential female counsellor for the application of the Code of Conduct in cases of harassment in the workplace, starting 24 May 2016.

As for international activities, the FS Italiane group took part in the European social discussion by participating in the CER (Community of European Railway and Infrastructure Companies), for both negotiations in a strict sense (see the 2021 Women in Rail trade union agreement on gender equality) and involvement in European projects (EDA - Employability in the Railway Sector in the Light of Digitalisation and Automation; STAFFFER - Skill Training Alliance For the Future European Rail system). With respect to regulations on international FIP travel tickets, the FS Italiane group ensured its interests were represented in the 2021 work group and internal guidance was provided to the group on the application of the various rules.

Updates, if any, to the national labour agreement applied to the FS Italiane group

In 2021, various trade union agreements were signed relating to the FS Italiane group companies.

Specifically, in addition to the agreements dated 18 February and 17 June 2021 and signed with Agens and the trade unions for the national labour agreements for the mobility/railway sector of 16 December 2016 and the national labour agreements for the bus, rail, tram and ship workers of 28 November 2015, which set a one-time amount to be paid to workers of companies that apply such agreements to fully cover the period from 1 January 2018 to 31 December 2020, the group companies that apply the national labour agreements for the mobility/railway sector and the FS group company contract signed an agreement that, considering the singular emergency, provided for specific clauses on WFH and welfare.

The term of the individual WFH agreement was extended from 12 to 24 months with the provision that, once the emergency period has ended, all workers whose duties are compatible with the assigned activity may work from home for a minimum of six and a maximum of 11 days per month.

With this agreement, a basket of welfare goods and services was made available to employees, with the belief that company welfare is a tool that can improve workers' wellbeing and motivate them, while helping workers balance and integrate the time for their personal lives with that for their professional lives. Moreover, in place of the 2020 performance bonus, considering workers' contribution to dealing with the difficult circumstances, a one-time amount was awarded to be used for welfare initiatives.

Furthermore, the “Memorandum of understanding for the quality of work in contracted railway services” was signed in February 2021, reaffirming the principles of a sound economy driven by quality work, like the quality of work, lawfulness, transparency and occupational health and safety with specific respect to contracted railway services. With this memorandum of understanding, a sector observatory was also set up and its operating regulation was signed in December. Its purpose is to identify possible ways to improve and illustrate scenarios and prospects that consider how the market has changed, trends in the supply and demand of services and companies’ needs.

Lastly, on 22 March 2022, an agreement was reached with the Filt, Fit, Uilt, Ugl, Fast and Orsa trade unions on the renewal of the national labour agreements for the mobility/railway sector and the FS Italiane group contract of 16 December 2016, which had expired on 31 December 2017. Reference should be made to note 53 of the notes to the consolidated financial statements (Events after the reporting date) for additional details.

The 2021 absenteeism rate was 7.9%⁵⁷, compared to 9.5% in 2020 and 8.3% in 2019.

Training

Overall, 659,530⁵⁸ thousand training man/days were provided in 2021 by the main group companies, roughly 27% more than 2020, in order to:

- drive the evolution of the management culture and the managerial skills of the group’s people, particularly newly hired employees and all employees involved in the development programmes across all professional lines;
- retain and refresh specialised technical skills in all jobs and professional roles comprising the group’s ability to achieve results;
- develop a stronger culture of safety in the workplace and in transport operations throughout the group’s various business units;
- accelerate innovation processes enabling the development of a mindset that is supportive of internal entrepreneurship and the acquisition of innovative skills;
- ensure the integration of new employees in the productive system through induction programmes.

The first edition of FS learning week was rolled out in the first quarter of 2021: the first forum of the group’s training schools and academies. With over 1,330 participants and dedicated to sharing the training best practices of all group companies and comparing them with external benchmarks, this event aimed to:

- foster and promote widespread sharing of the projects and new corporate ideas that have been successful or resources to focus on in the group’s training processes;
- make the most of company excellence in terms of strategic skills and innovative methodologies;
- promote the roll-out of group-wide projects in order to boost the quality and development of the academy.

In 2021, the parent’s training, which was delivered cross-sectionally to the group companies in pilot and consolidation projects, mainly concerned:

- the leadership programmes for the development of the group’s managerial team;

⁵⁷ The scope of analysis includes: FS Italiane S.p.A., RFI S.p.A., Trenitalia S.p.A., Ferservizi S.p.A., FS Sistemi Urbani S.r.l., Italferr S.p.A., Mercitalia Logistics S.p.A., Mercitalia Rail S.r.l., Terminali Italia S.r.l., Mercitalia Intermodal S.p.A., Busitalia Campania S.p.A., Busitalia Rail Service S.r.l., Busitalia Veneto S.p.A., Grandi Stazioni Rail S.p.A., Grandi Stazioni Immobiliare S.p.A., Italcertifer S.p.A., Nugo S.p.A. – in liquidation, FSTechnology S.p.A., Cremonesi Workshop S.r.l., FS International S.p.A. and Ferrovie del Sud Est e Servizi Automobilistici S.r.l.

⁵⁸ The data on the hours of training per year are in man-days (an average of 7.60 hours per day).

- the induction programme for newly-hired university graduates; the first module of the engagement programme was expedited and redesigned to engage and create roots and a sense of belonging among new hires during the Covid-19 pandemic;
- the distribution of the parent's internal catalogue to support the development of the soft skills of all the group's professionals;
- raising awareness and training on diversity and inclusion (D&I) by developing the training on parenting, which expanded its pool of participants when it expanded the concept of maternity to cover all parenthood. An exploration of the role that parents fill and a focus on the repercussions that this has on their professional lives, with discussion that was at times exclusively based on gender to compare and share the different parenting roles. Due to the nature of the topics discussed, the training was open to all group workers and people could enrol on their own;
- the start of the new pilot project Evolutionary Lab, after joining Fondirigenti. The project is a new leadership programme for 130 group managers aimed at instilling awareness and triggering the right energies to embark on a journey of development in the various areas that regulate both professional and private life;
- the completion of the Innovation Skill Hub programme to cultivate a widespread innovation mindset throughout the group's employees. Established through the close collaboration of innovation and training, this programme benefited from the participation of leading Italian university partners, the contribution of startups, mentors and managers from both within and outside the group. It ended with the finalists' learning journey at different group companies or the startups. All this training has been carried out remotely with an innovative approach and has been recognised nationally as an innovative best practice in the field of human resources;
- the completion of the first trial of the group's International Academy to, on one hand, support the abilities of managers and experts already operating in international projects, ensuring their maximum expendability and effectiveness in multicultural contexts, and on the other, kick off a programme for young professionals in order to create a pool of professionals for the group to draw upon for its international activities;
- professional family training to update the group's know-how with initiatives devoted to professional training on core or cross-sectional topics, designed together with the parent's professional families;
- roll-out at the end of 2021 of the first pilot edition of the Project Management Program (PMP) international certification preparation course involving an intragroup panel to study and provide training on project management issues in line with Project Management Institute (PMI) standards;
- coordination of managers' health and safety training to explore the topics required by law, delivered remotely in two-hour modules to make the content easier to use;
- continuation of training on sustainability issues, in line with and to support the focus that the group's business plan devotes to the SDGs in accordance with the European Agenda 2030, through the parent's sustainability professional family, in addition to awareness raising and training actions on the related topics, increasingly seeking to engage the foreign subsidiaries in training to improve their know-how and expand intragroup and international networking.

Training provided by the various companies focused on:

- technical and professional training projects focused on learning and refreshing technical skills and qualifications/certifications typical of operating roles;
- training for young new hires, especially in operating roles;
- rolling out the Safety Culture Project, with the aim of spreading a culture of safety focused on the human element and on behavioural variables;

- providing specific training for different roles as per the Safety Management System and mandatory and refresher training on Occupational Health and Safety;
- training to support people in their positions, which entailed continuing to give considerable space to the development of customer centricity skills and a market orientation for front-end personnel who are in direct contact every day with customers whose travel needs and habits changed drastically with the personal and social limitations resulting from the Covid-19 outlook and for operational personnel, like maintenance staff, in raise their awareness of how the work of maintenance teams can impact end customer satisfaction;
- the Digital Skill-Up project, a training campaign (e-learning) for all personnel of one of the group companies to strengthen and develop digital skills, especially digital mindset, digital awareness and digital abilities;
- the launch of DL Academy, a programme for work site managers covering all necessary aspects for a complete academic course to teach and expand upon the skills needed to fill the role of works director.

In 2021, substantial investments continued in the development of digital learning to support know-how in various areas of expertise. There was a 46% increase in active digital training courses compared to 2020. In-house authoring skills were also consolidated, with 20% of the courses in the catalogue produced in house, compared to 9% in 2020.

In line with the development of in-house authoring skills for the creation of a Learning Factory, work continued to produce digital content like tutorials and ebooks.

Many digital learning courses were provided on organisational culture and compliance issues during the year, including: information classification, the group's data protection framework (GDPR), the 231 Model, the ABC system, labour law, travel security and the Code of Ethics.

Furthermore, the awareness campaign on sustainability issues continued, with voluntary participation in the digital training sessions.

Open training on the MOOC (Massive Open Online Courses) platform continued in the year for over 2,400 group employees.

The total cost of training days for employees alone came to €6,285 thousand.

| man-days of training by professional level and gender* | 2021 | 2020 | 2019 |
|---|-------------------|-------------------|-------------------|
| Total training days | 659,530.07 | 517,854.68 | 681,221.24 |
| Managers | 3442.01 | 2,203.05 | 4,865.85 |
| - women | 1,084.84 | 589.52 | 1,079.70 |
| - men | 2,357.16 | 1,613.53 | 3,786.16 |
| Junior managers | 47,395.18 | 33,816.46 | 45,890.47 |
| - women | 9,085.47 | 5,702.42 | 8,347.98 |
| - men | 38,309.71 | 28,114.04 | 37,542.49 |
| White collars | 325,645.88 | 276,574.26 | 374,231.69 |
| - women | 89,984.72 | 76,310.84 | 100,419.77 |
| - men | 235,661.16 | 200,263.42 | 273,811.92 |
| Blue collars | 283,047.00 | 205,260.92 | 256,233.23 |
| - women | 8,525.00 | 7,911.57 | 8,951.21 |
| - men | 274,522.00 | 197,349.35 | 247,282.02 |
| Total women | 108,680.03 | 90,514.35 | 118,798.66 |
| Total men | 550,850.03 | 427,340.34 | 562,422.59 |
| average days of training per employee | 11.13 | 8.76 | 11.03 |

Recruitment

2021 saw the group advance its commitment - with substantial volumes - in all talent acquisition and recruitment activities based on the principles of merit, transparency and equal opportunities, with a view to diversity and inclusion.

In continuity with the promotion of professional diversification and development of the group's resources, each recruitment process for professional targets and middle management jobs involved a preliminary Job Posting, resulting in 267 processes, with over 753 positions filled for corporate and intercompany mobility.

The digitalised, innovative selection process continued in recruiting on the market outside the group. A total of 1,440 candidates were recruited at group level with different targets. In particular, 15 online recruiting days were designed and held for recent graduates, mainly to recruit engineers, economists and legal experts, conducting 11 assessments and identifying 703 eligible candidates, including 59 through fruitful collaboration with universities. The group has over 406,000 CVs in its database and 16,000 of these have been assessed in response to launched campaigns. It has also pre-screened more than 124,000 candidates for the entire group and interviewed over 23,000 candidates to find out about their technical background and what motivates them.

In the external recruitment of professional and operational personnel, each company followed its own specific procedures while upholding the group's principles and guidelines.

Online recruitment was accompanied by the progressive development of the Smart Recruiting project, with the development of the technological support platform and fine-tuning the AI system for the semantic reading of CVs. Smart recruiting allows the use of online assessment tools for evaluating soft skills via adaptive, random, inclusive scientific tests in line with EU standards.

As part of its collaborations with high schools, during the 2020/2021 academic year, the group entered into 22 agreements involving over 750 students to help build transversal skills and provide orientation (formerly called "high school work experience").

The digital professional opportunity channels were managed to consolidate talent attraction and recruitment for all targets: "FSitaliane.it/Work with us" with an average of 207,000 visitors per month uploading or updating their CVs, in seven languages, looking up current job opportunities; the FS Italiane group's Facebook "FS Careers" and LinkedIn pages with

roughly 21,000 and 370,000 followers, respectively. With "FirSt", the group's first chatbot for recruiting, thanks to machine learning, responses were sent to 135,821 requests for information, support or cooperation from external stakeholders and potential candidates.

FS Italiane remained in the first place of Potential Park's online "Talent Communication" ranking for the best online job seeking experience. It also rose to the top three of the Milan Politecnico University's "HR Innovation Award" (the School of Management's Digital Innovation observatories) with its Smart Recruiting project and was one of the best companies in the "Italy's best employer" – "World's best employer" and "World's top female best companies" rankings by Corriere della Sera and Statista. Additionally, it remained a top Italian company in the STEM field according to Universum's list of the "Most Attractive Employers".

These results were made possible by ongoing investment in promoting and implementing employer branding and employee attraction initiatives, partly through relationships with universities, including:

- Master programmes (e.g., IISF in collaboration with Sapienza), Scuola di Alta Formazione (with Alma Mater Studiorum Bologna), Master's degree in FS Mobility Engineering (with the Milan Politecnico), supporting the development and organisation of courses, as in the recruitment process;
- initiatives to drive internationalisation, comparison of best practices, the development and exporting of our know-how abroad, including the master's degree in Transport Systems Engineering at Sapienza University in Rome (in English, with mainly foreign students);
- work experience and support in the preparation of university dissertations to foster an exchange of company and university know-how through agreements with target universities and the development of training projects and/or innovative topics for university dissertations (42 merit-based scholarships, 82 university dissertations based on work experience at group companies, 50 agreements/conventions with universities, over 270 lectures and testimonials by our managers);
- 31 virtual career days and job meetings, providing the opportunity to listen, guide and recruit over 1,100 young people at the FS Italiane virtual stand via one-to-one chats, video interviews and company workshops.

Development

The digitalisation of assessment processes – previously carried out in 2020 during the Covid-19 emergency - has, in the past two years, ensured the continuity of development and evaluation actions to cover positions and key roles in the parent and the various group companies.

In 2021, the distance assessment methodologies were further developed, and are now fully mature. On one side, they ensure the continuity of the development process for all group people and, on the other, they make the process more flexible, efficient and broad in scope. The investment in these innovated development activities has continued even during the pandemic to ensure the use of objective, standardised, fair and merit-based criteria in the planning of career, growth and development paths.

The team of certified in-house assessors continued their commitment to assessments and development through upskilling for optimal use of the remote assessment tools.

At the end of the year, 504 assessments had been conducted online with the parent's coordination (66 senior managers, 103 middle managers and 287 young graduates, plus 48 reviews of middle and senior managers). The group companies performed regular assessments of senior professionals and front line managers in line with the process governance, using the methodologies and instruments indicated in the shared guidelines. These assessments covered a total of 631 people at group level.

These numbers reflect growth on the previous year end, demonstrating the group's ongoing investment in activities carried out to help the talent of its people emerge and grow.

From a methodological perspective, work continued to improve the tools used to assess potential. This included integrating and aligning the same tools used for recruiting and talent acquisition. Thanks to these continuous improvement activities, the group can ensure objectivity and fairness through bias-free, merit-based processes and practices.

In the same framework and in terms of organisational development, in 2021, the group worked on forging a continuous and closer synergy in potential and performance assessment processes, combining responsibility for the two processes under one owner with continuity to ensure that the performance assessment will be the first widespread and well-distributed lever for the development of abilities, knowledge and the impact of the group's people.

In terms of internal communication, information and training tools were reinforced to support the two processes, including with the spread of new content on the dedicated intranet page.

The annual performance assessments conducted by the supervisors on the integrated assessment platform involved 15,092 people, approximately 2,000 people more than in 2020.

Potential assessments were carried out on 1,395 people, also showing growth on 2020. The human resources not included in the integrated assessment platform process were monitored to track their annual performance by their supervisors using leadership and people development mechanisms (e.g., feedback on strengths and improvement areas).

Training and awareness raising continued to promote a widespread culture and practices of dialogue, discussion and mutual development of leadership between supervisors and workers.

In 2021, all the caring levers were combined under one new organisational unit, which during the year offered the entire population programmes to support people and their wellbeing comprehensively, therefore not only their work lives. Services and informational programmes were delivered, focused on caregivers, encouraging resilience, emotion management and life skills associated with the parent/child relationship, to name a few.

Specifically, the main actions taken in 2021 were:

- "Wecare", a new online space for all employees, offering services and webinars that people can join of their own initiative on personal and relational wellbeing and inclusion: over 1,200 people participated in the webinars designed to improve the work/life balance, children's relationships with new technologies, interpersonal relationships, the inclusion of disabled people and a focus on gender violence. In addition, 12 video capsules were made on these topics to give all personnel important practical tips at any time. The webinars were also delivered in Italian sign language and all the videos were designed to be accessible.
- cultural accessibility for deaf people in educational activities. Participants could enrol of their own initiative with the guarantee of sign Italian language interpreting services.
- "4weeks4inclusion", the Diversity&Inclusion marathon resulting from the network of over 200 companies with a pool of 700,000 people, including all the group's people, 180 educational, exploration and awareness events. FS Italiane came in second in the charity gaming tournament associated with 4w4i, thanks to its team of 10 volunteers from different group companies, which created a webinar on the inclusion of all diversities "Diversissimo me", with over 100 participants. FS Italiane's senior management also took part in the talk events to share the best practices of its inclusion strategy to other large companies.
- "Puliamo il mondo" (We clean the world): as part of Legambiente's "Puliamo il mondo" initiative, a morning was devoted to cleaning up certain areas, promoted by the FS Italiane group for its employees and their families. Children aged four to 11 could participate in a creative recycling workshop. All the participants received waste collection kits from

Legambiente and the children also received an FS cap and a snack box from the FS Italiane group (eight locations, 676 kg of collected waste).

- support for the organisation of the Mercitalia, FSE and Italferr safety days, including reviewing the agenda and providing graphics and organisational support. The event was held remotely on Teams for Mercitalia, on Teams Live Events for FSE and was a hybrid event (in person and streaming) for Italferr.
- “Together against violence on women”: internal campaign for all the group people in which people were asked to send a photo of their hands doing the “international signal for help”. 80 photos were submitted and were used to create the awareness raising campaign launched on 25 November both inside and outside the group. In addition, in the same field, a webinar was held on how to recognise signs to give concrete help to victims of violence and the group’s main sites were lighted with orange lamps.
- “Innovate”: support for the organisation and holding of an event at the end of the Innovate project. This was a hybrid event held both in person at the Villa Patrizi auditorium and via streaming.
- Implementation and development of the project to spread BTL communications throughout the country, with the aim of reaching and informing as much of the population as possible, particularly maintenance personnel.
- Campaigns for employees: welfare, women’s football championship, film festival, safety culture survey, FS Family, vaccines, evolutionary lab, mother’s day, parenting, MOOC (mass open online courses), MyPress, Covid-19 tests, WeCare, Termini70 group photography contest and 4week4inclusion.
- The “La tua Voce – La comunicazione che Vorrei” (Your voice - My ideal communication) survey, with focus groups on our idea communications and the onboarding process.
- Design and development of informational material for the group’s people. Advice on group measures, anti-mafia (being developed) and data protection (being developed).
- Video-messaging on the most strategic issues to put the CEO in touch with all FS Italiane group employees.
- Video interviews to senior management to create a new communication channel with employees.
- “Fsxte” mail to update colleagues on the initiatives and tools that the FS Italiane group puts at their disposal.
- “#Unicocomenoi”, this new video project focuses on celebrating the diversities within the group, highlighting how the uniqueness of each of us enriches us as a whole.
- “Welcome kit”, the first onboarding kit that provides a map for newly hired employees, where they can find all the information they need when they first join the group. Several versions of the welcome kit have been created: one for managers, a standard kit for new hires that the individual companies can customise (it is also available in English).

Occupational health and safety

In 2021, the group continued to strictly implement measures issued by the public authorities to curb and fight the spread of Covid-19 in the workplace. The employers identified within the group companies prepared the document entitled “Management of the public health emergency resulting from Covid-19 – Anti-infection protocol”, laying down how to implement the “Shared protocol governing the measures to counter and contain the spread of Covid-19 in workplaces”, which the trade unions signed and updated on 6 April 2021.

In implementation of the provisions of Decree law no. 127 of 21 September 2021 and subsequent Decree law no. 139 of 8 October 2021, the Green Pass guidelines were issued on 11 October 2021 - “Definition of the group’s organisational model for checking green passes in the workplace”. The group companies implemented such provisions and guidelines into their own organisational models for operating methods to set up an effective system for checking employee green passes in the workplace.

In 2021, the group companies completed the migration of their occupational health and safety management systems from the OHSAS 18001 standard to UNI ISO 45001/2018 - Occupational health and safety management systems — Requirements with guidance for use with the related certification of the systems according to the new standard. UNI ISO 45001:2018 is the global standard on occupational health and safety management systems. It defines the requirements for improving safety, reduce risks in the workplace and improve the health and safety of workers. To reinforce their commitment to ensuring healthy and safe workplaces despite Covid-19, the transport companies obtained the Biosafety Trust Certification, the management model for preventing and controlling viral infections on transport vehicles. Furthermore, the group obtained the WELL Health-Safety Rating certificate from the International Well Building Institute in New York, after its sites met the related public health emergency requirements.

The group has formal agreements in place with the trade unions protecting health and safety, to promote projects that foster a culture of safety and prevention among workers by constantly updating employee training and through the introduction of new equipment and new technologies.

In order to build a responsible and informed culture of health and safety in the workplace, the group created the "HS culture perceived by FS group personnel" project in order to gauge employees' perception of the tangible commitment of company managers, at various levels, regarding health and safety, via a survey developed in collaboration with the Sant'Anna School of Advanced Studies in Pisa based on a model of safety culture focused on nine organisational areas. With the main group companies involved, roughly 40,000 employees took part in the project overall with an over 50% survey response rate. The results of the survey were positive, with particular evidence of the employees' acknowledgement of the "Company commitment", "Training" and "Operating solutions" for safety issues. The companies have used the results as a springboard for improvement actions to strength the culture of safety over time.

In October - to mark the European Week for Safety and Health at Work - and November, the companies held the third edition of the Safety Day, a well-established day devoted to projects to improve prevention and engage personnel. These initiatives, which saw the presence of the CEOs of the subsidiaries and sub-subsidiaries, were focused on safety in the phase of resuming operations, measures in place to counter the spread of Covid-19, developing flexible work and presenting innovative projects. Trade union representatives also took part, highlighting the importance of the event and the need to reinforce the culture of safety to reduce injuries in the workplace.

The strict implementation of prevention measures continued in 2021, with particular focus on resuming all operating activities.

Furthermore, occupational health and safety training was provided in the year. The main courses related to:

- refresher course on health and safety for workers
- general and specific course on health and safety for workers
- course of health and safety for managers.

With respect to promoting workers' health and safety, the group promoted the awareness campaign on parenting regarding the use and abuse of new technologies by young children via three webinars with two editions each (how to be good digital parents, how to avoid being influenced by the internet, preventing risks and cyberbullying).

Based on the data on indemnified injuries provided by INAIL⁵⁹, including those related to the Covid-19 epidemic, still under definition, the following table shows the amounts for 2021 and those for 2021-2019.

The overall results highlight an increase in injuries and frequency on 2020. This being said, the data confirm the medium-term trend of consistent decreases in the number of injuries and frequency when compared to 2019, before the pandemic. In this context, even the estimated consolidated data of the railway segment only reflect 10% increases in both the number of injuries and the frequency index, while both decreased by around 10% on 2019, confirming the improvement process over the years.

| Injuries indemnified by INAIL*** | 2021* | 2020 | 2019 | unit |
|-----------------------------------|-------|-------|-------|------|
| Injuries in the workplace | 909 | 833 | 1,090 | |
| - <i>women</i> | 132 | 108 | 164 | |
| - <i>men</i> | 777 | 725 | 926 | |
| Fatalities | 2 | 6 | 1 | |
| - <i>women</i> | | | | |
| - <i>men</i> | 2 | 6 | 1 | |
| Serious injuries in the workplace | 234 | 214 | 317 | |
| - <i>women</i> | 28 | 28 | 50 | |
| - <i>men</i> | 206 | 186 | 267 | |
| Injuries in transit | 228 | 198 | 295 | |
| - <i>women</i> | 37 | 43 | 79 | |
| - <i>men</i> | 191 | 155 | 216 | |
| Frequency - overall** | 15.39 | 14.04 | 17.64 | |
| - <i>injuries - women</i> | 12.06 | 10.21 | 15.80 | |
| - <i>injuries - men</i> | 16.14 | 14.87 | 17.99 | |
| Severity - overall | 567 | 612 | 675 | |

*INAIL data for 2021 at 18 January 2022 not yet definitive

**Frequency: [no. of occupational injuries/average number of employees] *1000 employees

***The reporting scope includes: FS Italiane S.p.A., RFI S.p.A., Trenitalia S.p.A., Italcertifer S.p.A., FS Sistemi Urbani S.r.l., Ferservizi S.p.A., Italferr S.p.A., Busitalia Sita Nord S.p.A., Mercitalia Logistics S.p.A. and Mercitalia Rail S.r.l.

Anas S.p.A. reported 97 injuries at work in 2021, with a frequency rate of 14.4⁶⁰.

Management systems

FS Italiane S.p.A. and the main group companies remain committed to implementing, certifying and maintaining their management systems, including the occupational health and safety system, in order to continue improving the group's performance. Integrated management systems are used to strengthen the internal control and risk management system with respect to its environmental and occupational health and safety components.

⁵⁹ All data refer to INAIL (Italian national labour insurance institution) statistics which, to calculate the days lost due to injury, consider that compensation is paid for all calendar days from the third day of absence. INAIL's severity index does not provide for a breakdown of data by gender.

The information reported does not fully cover the indicator for Anas S.p.A..

⁶⁰ The data are processed using the same criteria as for the other companies.

| | Quality | The environment | Occupational health and safety |
|---|---------|-----------------|--------------------------------|
|  | | ✓ | |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | | ✓ | |
|  | ✓ | | ✓ |
|  | ✓ | | |

Trenitalia's Biosafety Trust Certification was also renewed. It is the world's first railway company to receive this certification that awards the best practices adopted in preventing and controlling infections on board to ensure the highest levels of safety for passengers and employees.

The employers identified within each group company are responsible for preparing the occupational health and safety system risk assessment document required by Legislative decree no. 81/08, which contains an assessment of all risks and the necessary actions to minimise them. It is an essential part of the occupational safety management systems that the group companies have implemented and which they use to provide workers with the tools needed to report and manage any dangerous situations and to define corrective actions following any incidents for the continuous improvement of the system.

Commitment to the community

In recent years, the FS Italiane group has distinguished itself for its deep commitment to initiatives to alleviate social distress in railway areas and redevelop the land for communities.

Help Centres

The FS Italiane group has put the enormous efforts devoted to people at the heart of its shared value network. The help centres reach out to the most vulnerable people in our society to help them recover, in collaboration with social services and the competent institutions.

As the economic crisis continues, exacerbated by the public health emergency in 2020, all of Italy is in the midst of a social emergency, which can be especially seen at railway stations. Promoted and managed in collaboration with local bodies and non-profit associations, the help centres are the group's response to the growing phenomenon of social hardship and the considerable rise in migration to Europe. During the emergency, the help centres continued operating despite the lockdowns and countless difficulties faced due to the need to sanitise premises, maintain social distancing and overcome the lack of volunteers. The most frequently needed services were: distribution of essential goods, especially meals, and medical equipment (face masks and hand sanitiser). There was also growing demand for toilets and showers and spaces granted temporarily for use as dormitories.

The public health emergency led to a reorganisation of the help centre services, focusing on two main lines:

- safety: showers and changing rooms were expanded for people not sheltered on a long-term basis, and emergency kits and kits for the needy were procured and distributed, with the collection and distribution of food and essential goods;
- sharing and cooperation: initiatives were rolled out to support the link between the operating services for those in need, local businesses, healthcare services, donors and residents.

The group plays a crucial role in the help centres, offering premises on free loan inside or near railway stations to associations and bodies that help relieve marginalisation and the social crisis so they can create help centres. The help centre network currently spans 18 railway stations from Northern to Southern Italy with spaces granted on free loan covering a total surface area of ⁶¹ 4,777 m², for a commercial value of €7,165,500 (estimating an average of €1,500 per m²).

Between June 2020 and the end of 2021, activities to support social vulnerability have been expanded by increasing surveillance and healthcare prevention at the Roma Termini help centre and "Binario 95" where, thanks to a partnership with the Istituto IFO San Gallicano IRCSS, over 7,000 free Covid-19 tests (blood tests and antigen and molecular swabs) have been administered to the homeless and service operators. In addition to making it possible to monitor the dynamics in the outbreak among the most vulnerable, this has helped the homeless to find accommodation in adequate shelters.

In 2021, the co-design work for the creation of a new health centre model in Rovereto was completed. This poly-functional centre aims to set up a community hub of the city's social resources.

⁶¹ The total surface area granted on free loan for the help centres in Bari and Chivasso is not included because the network partners use premises that they own near the railway stations.

Active help centres



The group collaborates closely with ONDS, so the help centres can work in synergy. ONDS, which is managed by the social cooperative Europe Consulting Onlus, coordinates the centres, handles training for help centre workers and performs detailed analyses of social distress. In 2021, the group committed roughly €125,000 thousand to activities and projects to help socially disadvantaged people.

Welcome centres

In addition to the help centres, many shelters in railway premises are managed by major Italian non-profit associations, particularly in Rome and Milan:

- the "Don Luigi Di Liegro" Caritas shelter in Rome;
- the "Rifugio Caritas" shelter in Milan;
- the "Binario 95" day shelter in Rome;
- the Arca onlus project in Milan;
- the "Pedro Arrupe" shelter in Rome for those seeking asylum and political refugees, managed by the "Centro Astalli" association. The centre has operated in the former Rome shunting site Ferrotel since 2002.

A total surface area of 11,016 m² has been granted on free loan for social activities in welcome centres, with an estimated value of €16,524,000 (average value of €1,500 per m²).

A total surface area of 15,793⁶² m² was granted in 2021 on free loan for social activities (help centres and shelters), with an estimated value of €23,689,500 (average of €1,500 per m²).

⁶² The surface area includes the help centre network (4,777 m²) and the shelters (11,016 m²). In addition, space has been granted to the Museo della Shoah foundation for a symbolic fee for the Shoah Museum's social and cultural activities (7,000 m² at Milano Centrale).

Reuse of idle real estate assets and railway lines

The FS Italiane group owns not only assets that are functional for its core business, but also extensive real estate holdings, some of which are no longer used, consisting of railway stations, booths and tracks. To date, in collaboration with local bodies and non-profit associations, 390 stations have been reassigned for activities to improve the local area or provide public services⁶³. Total spaces of roughly 156,704⁶⁴ m² have been provided, with a total value of around €156,704,000 (average of 1,000/m²). Idle railway lines that can potentially be used for social purposes and soft mobility span approximately 1,168 km. At present, roughly 496 km of idle lines have been converted into tourist lines, cycling paths and greenways.

Another initiative to use the group's railway assets for social purposes has involved using railway routes for historic/tourist train journeys. This reuse preserves the infrastructure's function as a railway and the role of secondary lines, for which there is little demand for commercial transport.

⁶³ The number refers to stations with at least one free loan agreement in place.

⁶⁴ The number refers to buildings granted on a free loan basis inside and outside stations; the group has granted approximately 3,674,206 m² of yards outside stations and/or land.

Main events of the year

The main events of the year are reported below:

The Covid-19 pandemic continues

2021 saw the continuation of the international public health emergency caused by Covid-19, which the WHO declared a pandemic in 2020.

In Italy, which in 2020 was one of the countries most affected by the virus, which put significant pressure on its healthcare system, lawmakers issued a series of measures to contain the risk of Covid-19 spreading further among the population in 2021 as well.

The spread of Covid-19 continued despite the measures taken by the healthcare authorities in many countries around the world to contain the pandemic. With Decree law no. 105 of 23 July 2021, converted into Law no. 126 of 16 September 2021, Italy extended the state of emergency until 31 December 2021. Then, with Decree law no. 221 of 24 December 2021, converted, with amendments, into Law no. 11 of 18 February 2022, it further extended it until 31 March 2022. This issue is extensively addressed, with a description of the Italian and European measures in response to the epidemiological emergency, in the paragraph on developments in legislation of this report, to which reference should be made.

To help the country, in 2021, the FS Italiane group launched new initiatives and measures to alleviate the public health emergency: a vaccination centre at the Roma Termini station, a medical train, free Covid-19 testing at the main stations and a Covid-free train.

More specifically, on 8 March 2021, the group presented the first national vaccination hub and the medical train to transport Covid-19 patients or severely ill passengers, provided to the Civil Protection service and the Italian Red Cross.

The Roma Termini station was the first Italian railway hub to host a Covid-19 vaccination centre in accordance with the National Strategic Vaccination Plan. Once fully up and running, it administered around 1,500 vaccinations per day. The vaccination centre is the result of the FS Italiane 's collaboration with the Lazio region and the Italian Red Cross. It spans approximately 1,900 square metres outside the railway hub in an area of the car park in Piazza dei Cinquecento. The FS Italiane group has provided the area, which is owned by FS Sistemi Urbani S.r.l., and all the logistics support, with Grandi Stazioni Rail S.p.A.: electrical lines and energy, access to the water line, signs and road works, lighting, security and cleaning.

The medical train, unveiled on the same day, carries medical personnel and patients, who can receive care while travelling, in specially-equipped carriages. The train is used for emergencies and disasters in the country and was built by Trenitalia S.p.A. for the FS Italiane group at the routine maintenance workshops in Voghera in collaboration with the Department of Civil Protection and the Lombardy Regional Emergency Agency (AREU).

The train may transport patients to other areas of Italy or abroad to relieve pressure on hospital facilities and may supplement the local health service in the management of emergencies when it is used as a sophisticated medical site. The train is used under an agreement between Trenitalia, the Department of Civil Protection and the AREU.

Furthermore, the FS Italiane group has provided the Italian Red Cross with additional space where it may set up tents for free rapid antigen tests to be offered to people at the Roma Termini, Bari, Bologna, Cagliari, Firenze Santa Maria Novella, Milano Centrale, Napoli Centrale, Palermo, Reggio Calabria, Torino Porta Nuova, Venezia Mestre and Genoa train stations.

The FS Italiane group has accelerated investments in Lazio with the “Salaria Plan”

An inspection was carried out on 13 March 2021 at the work sites in the province of Rieti where new works are underway for the “Salaria Plan”, to continue the FS Italiane group’s commitment through the subsidiary Anas S.p.A. to strengthening its road network and regional mobility.

The planned investments in the Lazio region amount to €463 million, including €444 million for strengthening and redevelopment actions and another €19 million for the Smart Road project. The “Salaria Plan” also extends to the Marche region with an investment of approximately €369 million, while the total cost of actions in the two regions comes to over €831 million for new works and scheduled maintenance.

The strengthening plan was divided into two parts:

- the first stage relates to immediate work, i.e., updating and securing the road in its current configuration through scheduled maintenance to resolve local situations (like ground level intersections) and improve the maintenance standards of the existing road works (works of art, tunnels and technological systems). Furthermore, work will be carried out that, although resolving specific situations, is preparatory for the upgrading in stage 2 (climbing lanes);
- the second stage relates to work to strengthen the road, with new construction to double it from two to four lanes in each direction. This will raise the optimal service levels and substantially reduce travel times.

The FS Italiane group has planned investments of roughly €112 million for freight transport at the Trieste port to consolidate the connection with the Pordenone interport

On 13 March 2021, the FS Italiane group announced that RFI S.p.A. plans to invest approximately €112 million to consolidate the connection with the Pordenone interport, thereby expanding freight traffic in the port of Trieste. The main projects with which the group launched the reorganisation of the railway hub serving the port area of the Trieste Campo Marzio station in March include a new strip of tracks, the connection to the new logistics platform and greater infrastructure potential.

The Trieste port, a major hub for sea/ground interchange flows to/from the central and eastern European market, is a strategic hub in the Baltic-Adriatic and Mediterranean freight corridors and has seen the highest increases in Italy for freight traffic in recent years, without losing its strong dependency on the railway transport system.

In the days before, the first railway connection between the Pordenone interport and the Trieste port had been inaugurated. The railway shuttle is part of a larger agreement between the two companies to create a real regional logistics platform starting with the Friuli Venezia Giulia hub and responds to the need to relieve pressure on the Pontebbana railway line, which is nearing saturation. The new link in both directions between Trieste and Pordenone will increase the number of railway sections connecting some of the main ports on the continent and the number of weekly trains operating in the Pordenone railway hub.

Innovation: RFI S.p.A. has started investments of €2.6 million to integrate the innovative 5G mobile network technology with satellite technology and guarantee maximum maintenance efficiency for the railway network while minimising impacts on traffic

On 17 March 2021, RFI S.p.A. announced that it was promoter, for the FS Italiane group – together with Fondazione Ugo Bordoni (FUB), the in-house research body of the Prime Minister’s office, the Ministry of Economic Development and the Communications Regulatory Authority, as well as the technical contact in Italy for the telecommunications sector – of the innovative international project Diagnostic Integrated Networks of Satellite and 5G (DINoS5G).

The DINoS5G project, which was approved and financed by the European Space Agency (ESA), is meant to integrate 5G and satellite technologies in order to develop predictive diagnostic systems that can process in real time a large amount of signals from sensors installed throughout the railway network and measurement systems installed on board diagnostic trains, for a rapid and effective management of plant signals.

The predictive maintenance will help improve network efficiency even more. In the future, it will be possible to monitor the infrastructure even using self-driving cars to take action even before an irregularity occurs. The agreement signed by RFI S.p.A. and the ESA marks the genuine start of project activities, which will run for a total of two years, with a total investment of €2.6 million.

In addition to RFI S.p.A. and FUB, the partnership sees the involvement of institutions, research bodies and domestic businesses in the telecommunications, space and railway sectors, like TIM, Telespazio, Fondazione Bruno Kessler, MerMec and Marini Impianti Industriali.

Through RFI, the FS Italiane group has planned investments totalling approximately €130 million in safety with the construction of new trains for RFI's diagnostic fleet

In June 2021, RFI S.p.A. signed an agreement with Stadler and MerMec for the construction and delivery of five new bimodal diagnostic trains, for a total investment of approximately €130 million.

The new contract reflects RFI S.p.A.'s commitment to accelerating the update and expansion of its diagnostic fleet, which it began in earnest in the first few months of 2021 when the Aldebaran 2.0 hit the tracks, and the completed updating of the HS diagnostic train Diamante 2.0, unveiled at the Milan 2021 Railway Expo.

The five new trains – with a fixed three-carriage composition, with bimodal traction (diesel and electric) and compatibility with the sophisticated ERTMS – will be operating throughout Italy to inspect the railway infrastructure, checking tracks, the electric line, signalling systems and telecommunication in real time. The new diagnostic trains will be able to travel on all lines, monitor and acquire the information necessary to keep over 16,700 track km of the national railway network efficient and increase the operational safety of all trains.

They should be approved and placed in service in 2023.

The fleet development and upgrade project, worth approximately €585 million, includes, in addition to revamping, the supply of 15 new diagnostic bimodal trucks, the construction of three K12 diagnostic wagons and the supply of 7 new trains for internal checks of the tracks using ultrasound measurements and tunnel diagnostics.

The mobile diagnostic service has a number of advantages: it gathers information on the state of the infrastructure, making it possible to rapidly identify and eliminate irregularities and, above all, to support the scheduling of routine maintenance to optimise the timing and costs of the projects.

Demonstrating the in-the-field excellence of the rolling stock service and diagnostics services for RFI S.p.A.'s production department are:

- the extension of RFI S.p.A.'s asset management system certification, originally earned in 2019 in accordance with UNI ISO 55001, for moving assets (railway vehicles for diagnostics and the maintenance of the railway infrastructure) and intangible assets (skills for diagnostics and the management of railway vehicles);
- quality certification as party responsible for the maintenance of railway vehicles used in railway infrastructure maintenance pursuant to Regulation (EU) 445/2011 and Regulation (EU) 779/2019.

Naples-Bari HS line: RFI awards the last contract for the work on Hirpinia-Orsara for approximately €1.1 billion

The tender launched by RFI S.p.A. for the Hirpinia-Orsara section of the new HS/HC Naples-Bari line was concluded on 22 June 2021 with the awarding of the works to the consortium formed by the Webuild group (70%) and Pizzarotti (30%). This marks another important step forward for RFI S.p.A. towards completing, according to schedule, a strategic line for southern Italy and, like the Scandinavian – Mediterranean corridor, an integral part of the Trans-European Transport Network (TEN-T).

The winning consortium won the tender based on economic and technical criteria for the execution times as well, with a bid of approximately €1.075 billion. RFI S.p.A.'s total investment, including other costs and expenses, will be around €1.53 billion. The awarding of this contract confirms RFI S.p.A.'s plan to implement a direct railway connection between the two cities by 2023 and to complete all the activities related to the lot that was signed by the first half of 2027.

Upgrade of the network in the south with large-scale works in Sicily

On 22 March 2021, the tenders for the laying of double tracks on the Messina-Catania line and the reconstruction of the viaduct between Caltagirone and Gela were completed. The base value of the contract was €1.1 billion.

RFI S.p.A. also awarded the integrated contract for the design and reconstruction of the viaduct between Caltagirone and Niscemi, the first project for the resumption of railway traffic on the Caltagirone – Gela section. The base value of the works in the tender is over €10 million.

In June 2021, as part of the FS Italiane group's commitment to upgrade the railway network in southern Italy, RFI S.p.A. also awarded, for approximately €640 million, the integrated tender for the laying of double tracks on the railway section between Fiumefreddo-Taormina/Letojanni along the Messina-Catania line. The works will be assigned to a consortium of companies headed by Webuild (formerly Salini Impregilo) and the principals Pizzarotti and Astaldi.

The project entails the laying of 15 km of new double track line, including 10 in tunnels, between Fiumefreddo and Taormina, with a connection to the Letojanni station. The entire Palermo Messina-Catania line will be high speed for passengers and freight.

Through RFI S.p.A., the FS Italiane group has invested a total of approximately €80 million with the commissioning of the new multi-station technological device at Venezia Santa Lucia - Venezia Mestre

Since 4 July 2021, a new and last-generation computerised system has been operative to manage train traffic in the Venice railway hub directly from a single central command station in Mestre. The economic investment for this first stage, which also provides for the subsequent roll-out of a new electric sub-station, totals some €80 million.

This first package of work, which covered the Venezia Santa Lucia station and the train distancing system on the bridges between Venice and Mestre, will increase the infrastructure's capacity, in line with the provisions of the master agreement for local public transport signed by RFI S.p.A. and the Veneto region.

Trenitalia c2c – Direct Award

On 18 July 2021 Trenitalia c2c signed the Direct Award contract, with effect as from 25 July 2021.

The Direct Award contract has a two-year term and may be renewed for another two years. In exchange for a reduced, but guaranteed, profit, it protects the company from the risk of fluctuations in revenue. This risk remains with the UK's Department for Transport.

Roma Termini, a vast solar power plant is being studied

Since August, a project is at the drawing board for the construction of a large solar power plant on the roof of the new multi-level car park, whose construction is now complete above the tracks of the Roma Termini. The project entails the installation of approximately 3,400 solar panels for total power of approximately 1.5 peak megawatt (MWp).

The project, with an estimated price tag of €2 million, is part of the group's larger package entailing a series of initiatives to rationalise energy and cut atmospheric emissions at the sites managed by Grandi Stazioni Rail. The FS Italiane group's goal is to improve the environmental performance so as to achieve the carbon neutrality target by 2050 both in terms of purchased energy and the energy self-produced by the group companies (including energy from rail and road traction) and used for fixed plants (workshops, stations, offices, tunnels and roads). Indeed, €60 million will be invested by 2024 to drive the production of renewable energy at the train maintenance plants.

Trenitalia awards Alstom with a contract for another €150 new regional trains

On 6 August 2021, with a master agreement, Trenitalia S.p.A. named Alstom to build another 150 new electric trains for regional transport following a European tender, which was awarded to the company with the most cost-effective bid. The total economic impact is approximately 910 million. The investment was made possible by the long-term service contracts that Trenitalia S.p.A. enters into with the regions.

The new, single-level, medium-capacity trains will be designed and built at the Italian sites in Savigliano, Sesto San Giovanni and Bologna, where the Jazz and Pop trains are already produced, with substantially positive repercussions on employment at a crucial time of recovery for the country. The master agreement provides for a minimum guarantee of 38 trains, confirming Trenitalia S.p.A.'s steady commitment to ensuring ever better quality for all regional transport passengers. Featuring the most sophisticated and effective technical solutions, like ERTMS, video-surveillance and set-up for Wi-Fi, the trains meet all the characteristics of environmental sustainability, as they are up to 97% recyclable and generate approximately 30% fewer emissions than the previous trains.

The FS Italiane group: FS Italiane S.p.A.'s CEO is appointed to the CER Management Committee

On 29 September 2021, the group's CEO Luigi Ferraris was appointed as a member of the Management Committee of the CER (Community of European Railways and Infrastructure Companies) for 2022-2023.

The CER represents the interests of around 70 members with the various European institutions. Its goal is to improve the development conditions and regulatory framework of the railway business. It is based in Brussels and works in constant contact with the EU Parliament, Commission and Council.

RFI S.p.A. commissions the new multi-station central computerised device at the Rome hub with a total investment of approximately €10 million

On 21 November 2021, RFI S.p.A. commissioned a new multi-station central computerised device at the Fidene, Nuovo Salario, Val D'Ala and Roma Nomentana stations. This new technology will considerably improve the regularity of traffic on the Settebagni - Roma Tiburtina section of the FL1 Fiumicino Airport - Orte line and will be managed by the central command station at Roma Termini. The commissioning involved 130 people from RFI and contractors and is another step forward in the technological upgrade underway at the Rome hub to offer an increasingly efficient and high-performance service. Indeed, it is one of the top, most sophisticated and high-tech systems in the railway signalling sector in the world. The improvement in terms of infrastructure reliability and better traffic management for improved regularity and punctuality are just a few of the benefits that this last-generation technology offers.

The updating of the train speed control system (TSCS) and of the automated public information systems and the extension of the multi-station command and control system (MCCS), with a total cost of approximately €10 million, complete the work for compliance with station zoning plans.

The MIMS and RFI S.p.A. signed the 2020-2021 update of the 2017-2021 Government Programme Contract - Investments, with additional resources of €31.7 billion

On 26 November 2021, the MIMS and RFI S.p.A. signed the 2020-2021 update of the 2017-2021 Government Programme Contract - Investments, with the assignment of additional resources of approximately €31.7 billion.

This update implements the change in the programming and funding. It also finalises the resources under the 2020 and 2021 Budget Acts - in synergy and complementing them - by contractually formalising in a single document all the investments to be launched and those to be continued for work in progress, that have already been approved in the 2018-2019 update to the Government Programme Contract, so they may be immediately implemented.

In line with the goals of the National Recovery and Resilience Plan, the financial resources allocated in the 2020-2021 update will be used to update the existing railway infrastructure so that it is more efficient and safe, with greater service quantity and quality, in addition to the development of new infrastructure to fill the infrastructure gap between north and south, focusing on high speed transport and making the network faster for passengers and freight, improving railway hubs and lines, completing the TEN-T railway corridors and the border sections, increasing the quality and quantity of railway transport, and promoting intermodal transport by developing its integration with other types of transport.

The tender is published for the laying of double tracks on the Termoli-Ripalta section for a total investment of approximately €594 million

In December 2021, the tender for the design and construction of double tracks on the Termoli – Ripalta section, second functional lot for the Termoli – Lesina line (24.9 km), with a base value of €438 million, was published in the Official Journal of the European Union.

The definitive project was approved with ordinance no. 3 of 24 June 2021, signed by the government commissioner for the completion of the double tracks on the Pescara – Bari line (Termoli – Lesina section).

The project, partly in the region of Molise and partly in Puglia, entails the development of a track, mostly a deviation of the previous tracks, with the discontinuing of the existing railway line. In this way, the railway traffic along the entire Adriatic line will have greater capacity and be more regular, with the journey between Bologna and Bari roughly 40 minutes shorter and cutting approximately 60 minutes off the journey to Lecce.

The completion of the works, a strategic factor in the strengthening of the railway connections along the entire Adriatic line from north to south, is slated for 2028 with a total investment of approximately €594 million.

As for the first lot from Ripalta to Lesina (approximately 7 km), assigned in March 2021 for roughly €59 million, with a total investment of €106 million, the contractor is completing the executive design and the work sites will open next. The work is slated for completion in 2025.

€2.7 billion tender published for the ERTMS (European Rail Transport Management System) throughout Italy

On 27 December 2021, RFI S.p.A.'s European €2.7 billion tender for the design and development of the ERTMS throughout Italy was published in the Official Journal of the European Union. The ERTMS has supervised and monitored the distance between trains operating in Italy for over ten years on the HS/HC lines.

The publication of this tender is in line with the commitments and programming of the National Recovery and Resilience Plan, whereby 3,400 track km will be equipped with ERTMS by 2026.

The tender is in addition to that issued in 2021 to equip around 700 km of railway lines in Sicily, Lazio, Abruzzo and Umbria. RFI S.p.A.'s strategy is to speed up the implementation of the ERTMS on its entire network by 2036, in line with the technological investments already in progress to update station devices, in which it is progressively replacing the previously existing signalling systems with fully digital and interoperable technology.

Once the installation is complete, the national network will have roughly 16,800 km of line equipped with the most advanced railway traffic technology, updating the entire command and control and signalling system of which ERTMS is an integral component.

FSI, with support from the EIB and CDP, received a grant of €6 million for the installation of the ERTMS on board the Trenitalia fleet

On 27 December 2021, FS Italiane S.p.A., with support from the European Investment Bank (EIB) and Cassa Depositi e Prestiti (CDP), obtained an outright grant of approximately €6 million for the installation of the ERTMS on board the Trenitalia fleet.

Specifically, through the EIB, approximately €4 million will be used to install the ERTMS on 76 regional hybrid trains and, through CDP as an implementing partner, an outright grant of approximately €2.2 million will be used to update the system on 12 HS trains for international and transborder traffic between Italy, Switzerland and Germany (seven ETR 610s) and domestic traffic in Greece (five ETR 470s). The HS trains will receive technological upgrades with the onboard installation of the ERTMS Baseline 3, which is the most up-to-date version of the train speed monitoring system.

The proposed projects were selected in two European tenders under the Connecting Europe Facilities (CEF) Transport Blending programme, designed by the EU to support new investments in the transport sector. This is the first financing for Trenitalia S.p.A. under the CEF programme for 2014-2020.

The Decree law for infrastructure confirmed the importance of the ERTMS for better railway traffic management, establishing a fund of €60 million annually from 2022 to 2026, in order to finance the costs of installing the technological system on board trains.

Internationalisation initiatives

The FS Italiane group wins the contracts for HS transport in the Baltic states and Tunisia

In the first few months 2021, the FS Italiane group won contracts worth approximately €110 million in the Baltic states and Tunisia.

The most strategically significant contract, although its value is not the highest, is that for the HS rail in the Baltic region, because it has opened the door for the FS Italiane group to a larger project mostly financed by the European Union, and which in the future could lead to additional opportunities. The project for the construction of Rail Baltica, managed by the intergovernmental agency Rb Rail As, with a total investment of approximately €5.8 billion, 85% of which funded by the European Union, consists of 870 km of new, interoperable HS double-track lines for passenger and freight transport through three Baltic countries (Estonia, Latvia and Lithuania), seven passenger stations and three new multimodal freight terminals, and additional connections with airports and ports. Through Italferr S.p.A. in a joint venture with the German Deutsche Bahn and the Spanish Idom, the FS Italiane group won the contract to support the electrification of 87 km of the new Rail Baltica HS line linking Estonia, Latvia and Lithuania to Europe, worth nearly €30 million, with a seven-year term. Italferr S.p.A. will handle the design, preparation of the tenders, technical assistance to the customer and works oversight for the electrification of the line.

In Tunisia, Italferr S.p.A., on behalf of the FS Italiane group and in partnership with Comete, won the contract for technical assistance to the Tunisian railways to update two railway lines: Sousse - Mahdia and Tunis - Kasserine, for a total value of approximately €80 million.

The first prototype train is delivered in India for the two Kanpur & Agra metro lines

On 3 November 2021, the first prototype train was delivered in India for the two Kanpur & Agra metro lines. This is a fundamental milestone in the project, which will revolutionise mass transit in Uttar Pradesh.

FS Italiane strengthens its position in the UK through Trenitalia S.p.A.'s alliance with the local railway company First Group for green investments with UK government funds

In November, the FS Italiane group strengthened its position through the alliance that Trenitalia S.p.A. entered into with the local railway company First Group to implement the investment plan for the new rapid rail funded with UK government grants of approximately GBP500 million.

The investments in new sustainable HS trains funded by the UK government will be implemented through the joint venture

Avanti West Coast, which is 40% Italian and 60% UK.

Italian HS trains entered the French market in December

Since 18 December 2021, the Frecciarossa 1000s in the Trenitalia fleet began operating on the French market, connecting Milan and Paris in six hours and competing with the SNCF's TGV trains. They were able to join the French market under the open access regime pursuant to European laws on transport and following a few technical adjustments to the trains for compatibility with the French network. Trenitalia France SAS operates the railway service on the Milan-Lyon-Paris line with two daily return trip journeys. This makes Trenitalia S.p.A. the first European player to enter France since the railway market opened to competition, a historic step for the European railway market.



Risk factors

Internal controls and risk management system

The FS Italiane group's operations include a wide range of particularly complex, detailed and varied processes (infrastructure design, construction and maintenance, railway and road network management, passenger and freight transport services and real estate management), which could give rise to significant risks and uncertainties. While management and the structures specialised in risk monitoring continue to play a crucial role in risk management (as they are responsible for "level 1 control"), over time, FS Italiane Group has organised various level 2 controls (e.g., the Manager in charge of the Company's accounting documents preparation, Risk Management, Compliance, Data Protection and Anti-Corruption at FS Italiane S.p.A.) to support management in the definition and implementation of adequate management and monitoring systems for the main risks and controls.

In this context, with regard to group security and risks, the Risk Management unit coordinates the overall management of the group's risk governance process by designing, implementing and governing the Framework for managing and measuring all group risks and the integrated risk monitoring process, coordinating strategies, policies, processes and operating mechanisms for the identification, assumption, management, mitigation, monitoring and reporting of the group's main risks, and methodologically coordinating the group's various risk management safeguards.

For the proper attestation of the financial statements, the Manager in charge of the Company's accounting documents preparation has implemented a 262 risk control model based on risk assessments conducted on the administrative/accounting processes. Compliance's duties include checking that company and group guidelines, provisions and procedures are compliant with the relevant legislation and national and international best practices, submitting proposals for adjustments so they are legally compliant. The Anti-Corruption unit coordinates the methodology of the corruption prevention process, including through the monitoring and updating of the Anti-Bribery & Corruption management system.

Lastly, as the "level 3 controls", Internal Audit carries out an independent and objective assurance and advisory activity on the architecture and efficient functioning of level 1 and 2 controls.

Business and strategic risks

The group operates in a challenging context affected by strong elements of transformation and uncertainty mainly tied to: i) the change in people's habits caused by the legislative limits and by new trends arising as a result of the pandemic; ii) the regulatory scenario which has proven to be, in certain circumstances, unstable; iii) the opening of the railway market; iv) the persistence of the imbalance between public and private transport v) the connectivity gap between the different mobility systems and the different performance levels of the infrastructure network in the various areas of the country; vi) the management of the continued disruption due to the pandemic in 2021 as well; vii) the digital transformation; and viii) the energy transition. In addition, the increasingly significant effects of climate change adaptation and land fragility call for ever more resilient, well-monitored railway and road infrastructure.

In this scenario of uncertainty, consumption and production models are also changing, as are travel habits, and new trends are taking shape with some speeding up, such as the acceleration of the regionalisation of value and logistics chains, rising social inequalities, the possible onset of de-urbanisation in large cities, the ageing population, the financial sector undergoing dramatic transformation, increasingly pervasive technology, greater digitalisation and automation. These dynamics are continuously modifying and reshaping the risks to which the group is exposed and arise according to the company's areas and initiatives, resulting in the need to make strategic and operational planning processes more dynamic.

Amidst these complexities, the FS Italiane group is a strategic company for the country's relaunch, as it contributes to economic and social development through investment programmes and projects that also strengthen the resilience of infrastructure and operations. The group is also called to play a key role in the green and digital transition of the mobility system, putting the mobility needs of people and logistics and the SDGs first.

The performance of the medium and long-haul passenger transport market, regardless of the contingencies created by the pandemic, is affected by trends in domestic consumption, the employment rate and the overall development of key socio-economic indicators (e.g., tourism). In this context, modal competition and its proper regulation are crucial for success. High speed transport and the related services have enabled the railway sector to compete with other modes of transport (air and road), especially by reducing travel times, improving travel comfort and offering arrivals directly in the centre of large cities. The critical factor for success in this market segment remains maintaining and improving service quality and rapidly adapting to changes in market demand. The overall shift in the business model with respect to the product offered must reflect the shift in competitor models. The continuous upgrading of the fleet is an innovation factor and way to attract potential customers, both domestically and on the European market. Similarly, developments in sales channels driven by technological change and an enhanced focus on customers will give the group more competitive edge to mitigate some business risks.

As noted earlier, the success factors include maintaining and improving service quality, both in terms of transport service punctuality and regularity and customer information and assistance services, the latter also related to the risk of not adequately understanding passengers' new needs. The transport service punctuality and regularity indicators are constantly monitored. The customer experience is another success factor and to improve customer information and assistance services, Trenitalia S.p.A. has rolled out new initiatives like the new app, self check-in and tickets in the passenger's name.

Furthermore, the ongoing effects of the pandemic fall into this context. They have triggered a profound change in demand for railway passenger transport services, with a substantial contraction in HS demand (e.g., business and tourism, especially international) and lower use of regional railway transport, as a result of government and/or local measures and a substantial increase in remote working. To mitigate the resulting risk of lower revenue, the group has steadily monitored demand, consequently adjusting the commercial offer to better respond to customers' needs in this new context, while also monitoring costs in order to reportion them to new volumes. In particular, Trenitalia S.p.A., which operates in the passenger transport segment, is adjusting its offer with changes to more efficiently meet these new travel needs, which have partly redrawn the map of railway traffic. It is driving the recovery of mobility seen in the second half of the year. Lastly, to provide relief for the current economic crisis, all the main European governments, including the Italian government, have issued multiple legislative measures to offset the negative impacts of their restrictions to contain the pandemic.

At European level, the Fourth Railway Package profoundly updated the regulatory framework, offering an integrated approach to revitalise railway transport in the EU and encourage the creation of a single European railway space. The transposition of Directive (EU) 2016/2370 as regards the opening of the national railway passenger market paved the way for a potential risk of market share erosion if new competitors arrive on the Italian HS market. The group constantly monitors the risks and opportunities of opening the market and has made certain strategic choices with this in mind, such as entering the Spanish market and launching HS service on the French market.

In the regional railway transport segment, certain Italian regions have particularly critical financial situations, which could prolong the uncertainty of whether they will meet the contractual payment dates for service contract considerations, although this situation seems to have substantially improved over a year ago. The group mitigates this risk by continuously monitoring credit positions in general and, especially, those with the public sector, evaluating, on a case-by-case basis, the steps – including legal action – to be taken to ensure that funding is regular. Moreover, given the nature of the group's

receivables and its credit rating, it obtains financing at competitive interest rates for its invested capital, enabling it to cover any delays in collections, with the cost of such financing mostly transferred to the regions under the contracts in place.

As mentioned, the group is operating in a challenging context undergoing continuous change and with a progressively evolving regulatory framework. In recent years, a series of different rules and/or regulations has affected the group's business operations. The group actively monitors changes in legislation, meets with the relevant authorities to share its technical expertise in the consultations held over time and, as noted previously, takes legal action, if believed necessary, to protect the interests of the group and the community.

Operational risks

Through a structured internal control system, the group manages the main operational risks to which it is exposed. Management and the specialised control units constantly monitor trends in the main risks in accordance with the three lines of defence, defining and implementing adequate management and monitoring systems for the main risks with the support of the "Control level II" functions. Again in 2021, via a single coordination methodology, the main group companies (Trenitalia, RFI, Italferr, etc.) conducted a risk assessment campaign focused mainly on the risks typical of their operations as part of the broader enterprise risk management framework. The parent has established and uses the Risk & Control Self-Assessment (RCSA) method, which entails the active involvement of the risk owners in the identification and assessment of the risks related to their activities. In line with the main international standards and market best practices (e.g., CoSO Report Integrated Framework and ISO 31000), the method is meant to identify and assess the main risks that the risk owners perceive as material for the achievement of the company objectives, including ESG (environmental, social and governance).

In general, supply chain topics are material in the performance of daily operations. The FS Italiane group outsources rolling stock and railway and road network maintenance and construction, while it also uses third party manufacturers of spare parts for maintenance. In recent years, the group has substantially changed the way in which it procures materials, revising its internal procedures and, in accordance with public contracting regulations, it has more significantly privileged purchase methods entailing the procurement of all parts relating to safety from original parts manufacturers only, while it always announces calls to tenders for all other parts.

The financial crisis - exacerbated by the pandemic - has put some suppliers in the maintenance and rolling stock construction sectors to the test, with the prolonged severe credit crunch affecting them significantly due to the intrinsic weakness of their funding structure. The group mitigates this risk by using well-structured vetting procedures for suppliers that must not only meet technical requirements but also pass financial assessments, ensuring that all entities are carefully and scrupulously vetted before becoming group suppliers.

To limit potential situation in which it is dependent on builders/suppliers and to improve its railway know-how, RFI S.p.A. has begun progressively in-sourcing critical infrastructure maintenance and construction, technological plant design and operation and railway component production processes. In addition, it is working on the definition of a general supplier risk assessment model to support the most appropriate material procurement choices and, as described in the "Social risks and risks related to the protection of human rights" section, is taking specific action to improve sustainability in order to make the supplier performance assessment as part of Corporate Social Responsibility (CSR) a requirement in the selection process for all technical/economic tenders called by RFI S.p.A.. Specific initiatives are also being developed to extend the protocols for the sustainable design of infrastructure and the integration of ESG criteria in the supply chain for the enhancement of the complete chain.

To ensure increasingly higher efficiency levels in the use of public resources, the group has continued a project to redesign the procurement process on the basis of an analytical model to determine the optimal price of supplies. Another objective of this project is to make procurement faster, simpler, more traceable and paperless. In particular, for RFI S.p.A., the

project will minimise processing times and ensure continuity at work sites. These are particularly important objectives considering the challenges of the National Recovery and Resilience Plan.

Infrastructural investments are complex projects requiring substantial financial resources and an intricate organisational and project management structure that the group, through its subsidiaries, has in place. Many different events could impact the performance of work, affecting forecast deadlines/costs, as well as the quality, efficiency and availability of the railway and road infrastructure, and therefore generate potential negative effects on results. To mitigate these risks, the group implements management and control procedures enabling it to constantly monitor the physical, economic and financial progress of infrastructural investments and trigger mechanisms for the definition of improvement or corrective actions. In this respect, specific contractual, organisational and governance (task forces and committees) actions have been taken to strengthen the oversight of investment projects by RFI S.p.A. as customer. Moreover, the wide-ranging project to innovate the investment management procedures, defining new guidelines and optimising the IT tools used for operational management and, more generally, to support the whole-life asset management model and facilitate reporting flows to external stakeholders continues. In addition, specific in-sourcing projects are underway to encourage the continuity of strategic projects and steps to fine-tune project management processes taking a risk-based approach are also being analysed.

RFI S.p.A. is exposed, in general, to the risk related to the management of the financial resources provided by the government under the Government Programme Contracts and arising from the European funding within the scope of the National Recovery and Resilience Plan. In response to this risk, RFI S.p.A. manages transactions and information flows with government and regulatory bodies (institutions, independent sector authorities, etc.) and is always open to discussion and an exchange of views, and relationships are based on transparency, cooperation and pro-activeness.

Railway infrastructure is also sensitive to interruptions/inconveniences due to faults in plant and technologies, natural disasters and vandalism, which could affect operating service continuity, bringing it to below expected quality standards. To manage these events, the group has adopted avant-garde security, control and monitoring systems and carries out specific cyclical maintenance on the network increasingly using modern technologies, following procedures for the management of irregularities and emergencies and specific contingency plans with a constant focus on updating the public and providing auxiliary services. In this respect, an extensive climate change response project is in progress with the revision of the planning/programming/reprogramming process for infrastructure maintenance and diagnostics and the IT tool that supports it in order to optimise and improve the resilience of infrastructure. To improve service quality, through its subsidiaries, among other things, the group has kicked off projects to implement systems for the optimised scheduling of the railway timetable and traffic management. It has also set up a Punctuality Committee within RFI S.p.A. to oversee and monitor the actual punctuality and the performance of all entities involved, as well as to identify short-, medium- and long-term actions for operating management, the commercial offer and the technical scenario, as well as the model for the maintenance, design and implementation of investments and standardisation to resolve repetitive faults in plants.

To monitor the risk of saturation on railway routes attracting the most commercial traffic and, in general, boost capacity, performance and network accessibility, through its subsidiary RFI S.p.A., the group is taking steps to streamline traffic, increase traffic capacity at large urban hubs and, across the entire network, invest substantially in updates and technological upgrades to speed up the digital transition and automate systems and processes, while continuing with initiatives to improve efficiency. It is also studying advanced diagnostics and predictive maintenance.

With reference to stations and related services, steps continue to be taken for the reuse and redevelopment of the buildings/areas - including for social purposes - to improve accessibility, availability, appearance and security for passengers/customers. Projects are also underway to facilitate links and exchanges with other modes of transport and to deploy digital technologies to make travel information and other station utilities more innovative and efficient. All these

actions fall within the broader project of providing customers with additional, complementary services over the term of the plan, consistent with the new concept of the station as not only a transport hub but also as a local attraction and services hub. The group is constantly committed to informing its stakeholders about the actions taken and the objectives achieved, monitoring and reporting results as part of the continuous performance improvement process.

Anas S.p.A. is exposed to risk related to design, performance of work and operation of roads, as well as risks related to the planning of economic resources and their allocation, most importantly, the risk arising from management of the roads that were transferred back to Anas and the consequent maintenance gap in the network. The risks related to design mainly consist of unexpected situations which create a difference between the contractually-agreed cost and effective cost of the works or that increase expenses (e.g., changes in the work, longer execution times, challenges in the seizure or tender procedures). To control these risks, work site monitoring by the relevant people has been reinforced. Risks related to the ordinary maintenance of the road infrastructure relate to the development of specific programmes to reinforce oversight and inspections. Risks related to the operation of the road network include those related to the management of licences and concessions, advertising, oversize transport and royalties, including credit risk, which is complicated to manage given the large number of debtors and is mitigated through continuous monitoring of positions, with an assessment of the best approach to take on a case-by-case basis. The group's safety standards are consistent with those of the main European railway companies and are the result of extensive prior talks with the trade unions that all signed a supplementary labour agreement in 2009 and the national labour agreement subsequently in 2012 and 2016. Operational risk deriving from potential violations in relation to occupational safety is mitigated thanks to careful and constant monitoring carried out by senior management, the departments and relevant structures.

Procurement risks

Prices for services, raw materials, energy and transport could vary as a result of market trends and currently rising inflation. Accordingly, it might not be possible - or only be possible to a limited extent - to transfer greater procurement costs to sales prices to customers, with a consequent impact on the profit margin of the group's products and services. Considering the procurement necessary for the group's business, specifically in the regulated sectors like electricity which are subject to changes in the regulatory framework, the various resolutions and regulations issued by the Electrical Energy, Gas and Water Authority ("ARERA") has adjusted the cost of energy, which could affect the group companies' results and are, therefore, constantly monitored. In particular, with respect to the electricity sector and the Authority's various resolutions affecting the cost of energy in recent years, developments in this sector continue to be constantly monitored. Energy markets grew extremely volatile in the last few months of 2021, heavily stressing prices. Most of the price increases for electrical energy on the 3 kVcc network were covered by the offset provided by the CSEA (Energy and environmental service fund) under special rate regime. In February 2021, the CSEA performed the first calculation of the offset for 2019 and paid the consequent adjustment. The calculation for the 2020 offset was just completed with payment of the adjustment in February 2022.

The group has departments and units that continuously monitor price trends for raw materials and services essential to its business operations and any regulations applicable to them. This enables it to pursue procurement management policies that mitigate risks or to take steps - including legal action - to protect the group's interests.

Country risk

International trade continued throughout 2021 despite the context created by the pandemic and the consequent initial global economic slowdown. The risks analyses of the countries where the group operates supported the decision-making process using internal group methodologies.

Furthermore, internal procedures were further fine-tuned and applied in 2021 for the commercial offer process on international markets with the strengthening of risk analysis components on the various topics of the group's projects.

Project risks

In terms of investments in the development of national, road and railway infrastructure, the group is involved in many important projects that are complex considering the number of stakeholders, the type of project, the technological sophistication, financial resources, duration, etc.. In this context, legislative issues are particularly important, combined with the availability of know-how and materials and the current supply chain disruptions. This risk exposure requires utmost focus on all sources of uncertainty and the related risk issues, especially given the breadth of the challenge that the FS Italiane group is called to face for the projects in the scope of the National Recovery and Resilience Plan, especially considering the deadlines for the achievement of the milestones and targets and the chronic difficulties in the implementation of public works.

In this field, the analysis, assessment and management of risks, even with ad hoc project risk management analysis techniques, is particularly important, in line with professional orientation, international standards and the best practices in the sector. The project risk management processes have been developed and continuously evolve with the priorities of adopting risk-based thinking as the common thread of all decision-making processes and further reinforcing the monitoring, control and management of exogenous and endogenous risks that could compromise the achievement of the project objectives (schedule and costs).

Compliance, legal and contractual risks

The business areas in which the group operates are highly regulated at both national and international level. The group is exposed to compliance risk, which it monitors with specific controls to analyse the effect of legislative and regulatory change. Generally, in relation to risks that could arise from changes to the legislative framework, the management of relationships and information flows with the governing and regulatory bodies (sector, independent administrative authorities), even in the event of disputes, always represents an opportunity for discussion and dialogue, particularly on the substance, and is characterised by transparency, collaboration and proactiveness. Given the complexity of its businesses and the many activities it carries out, the group is nonetheless exposed to risks of non-compliance generally arising from the potential failure to comply with the legislative and regulatory framework, with consequent penalties of a judicial or administrative nature, financial losses and damage to reputation.

To further strengthen its control system, the parent has created a specific organisational structure responsible for checking that company and group guidelines, provisions and procedures are compliant with the relevant legislation and national and international best practices.

The FS Italiane group's compliance model provides for:

- analysis and monitoring of the changes in the internal and external context (i.e., regulatory, organisational, strategic, market), in coordination with the other departments involved (legal, specialised controls, such as the DPO, Anti-corruption, Organisation & people development), in order to identify impacts on the company;
- specialised and methodological support provided to process owners in the identification and assessment of compliance risk with an impact on the business originating from new and/or updated laws and regulations, also in consideration of organisational, strategic and market changes;
- direct control or specialised support in the management of corporate compliance programmes (the organisational, management and control model pursuant to Legislative decree no. 231/2001, the antitrust compliance programme, the ABC management system, the data protection framework, etc.) and the promotion of internal and external training, information and communication campaigns in order to spread a culture of compliance.

Specifically, since 2003, FS Italiane S.p.A. has had its own Organisational, management and control model pursuant to Legislative decree no. 2003/2001, which has been updated to reflect changes in the organisation and applicable legislation over the years, in the pursuit of continuous improvement.

The first stage in this updating process is the mapping of risks of crimes to identify the processes that are at risk and the individual types of crimes associated with them, as well as the hypothetical ways in which the crimes could be committed. The second stage is a gap analysis on the regulatory and internal control system to analyse processes and controls relating to the sensitive activities identified in the risk assessment. The analyses and assessments conducted in this stage have been formalised in specific "Gap Analysis and control definition" documents shared with each process owner.

The model was shared internally on the company intranet and externally on FS Italiane S.p.A.'s new "Ethics, Compliance and Integrity" web page. It is taught in periodic training initiatives.

The compliance model also envisages specialised support for the group's business segments in relation to commercial or business development initiatives, especially those in international markets, (business & trade compliance, sponsorships, partnerships and/or co-marketing and mergers and acquisitions) and other innovative strategic initiatives that require preventive compliance analyses.

Given the advanced stage of the deregulation of markets on which the FS Italiane group companies operate, the group has also set up an antitrust compliance programme for the group companies to follow. While respecting the autonomy and independence of the individual companies, and the railway infrastructure operator's in particular, the purpose of this programme is to improve their ability to prevent and manage the risks resulting from non-compliance with antitrust regulations. In this context, a body has been appointed to implement the programme. Its members are the head of the Compliance Department and the head of the Antitrust Department reporting to FS Italiane S.p.A.'s Legal Affairs and Corporate Affairs Departments, respectively. Within the scope of these activities (as outlined in the Antitrust policy), the competent body has organised and held seminars that, with respect to the areas of specific interest to the FS Italiane group companies involved in each case, have addressed the antitrust issues of marketing with consumers and the obligations relating to non-discrimination, corporate segregation and business combinations leading to concentration.

Considering the high levels of penalties and, more generally, the financial and reputation risks of non-compliance with Regulation (EU) 679/2016 (General Data Protection Regulation – GDPR), the group issued a set of organisational communications, establishing a framework for personal data protection based on three levels of control. Those group companies that are required to do so have appointed a Data protection officer (DPO), who monitors compliance with the regulation within the individual companies. Lastly, a computerised register of data processing was set up, various assessments have been made of the impact on data protection, and the rights of the data subjects regarding their data ensured, both by improving and updating the disclosure on processing and responding to specific requests.

Legal and contractual risks mainly relate to litigation pending between group companies and various parties, such as suppliers, customers and employees. Specific company structures currently monitor and mitigate such risks and any necessary accruals are recognised after the risks are assessed in accordance with IFRS to determine the probability that they will occur. Residual risks, after the appropriate mitigation actions and accruals, fall within the tolerance limits considering business operations.

IT and cyber risks

Certain macro trends have been observed in technology, innovation and digital solutions in recent years (e.g., applied AI, automation and virtualisation, connectivity) which will have significant repercussions on society and the global economy. The digital revolution in transport and mobility has triggered a human and industrial transformation process throughout the entire sector. In this highly and rapidly evolving context, in 2021, with the establishment of the Technology, innovation &

digital unit, the responsibility for defining, at group level, the technological, digital and ICT development strategies and the group's data governance model and for guiding the technological and digital revolution were transferred back to the parent. FSTechnology S.p.A., as the in-house digital factor, is responsible for implementing the group's system plans defined by FS Italiane S.p.A. in agreement with the group companies.

The adoption of new technologies, such as Blockchain, AI and IoT (Internet of things) is equipping the industry with cognitive skills that only a few years ago could not even be imagined. However, while this new digital dimension is the groundwork for the development of more efficient mobility services, it also provides cyber criminals, including terrorists, with the opportunity to launch attacks to steal confidential information or block the provision of essential services.

As railway assets, trains, buses, stations, tracks, employees' devices and suppliers' IT systems are increasingly interconnected, the risk that even only one of them might be compromised, with a domino effect causing service disruptions and impacts on customers cannot be overlooked, nor accepted. Cyber threats are an inevitable consequence of digitalisation that the group, as an operator of essential services, must detect and contain.

In recent years, intense institutional activities have led legislators to issue important decrees to identify the operators providing essential services to citizens and define the perimeter of the technological systems used, whose functioning is fundamental to ensure service continuity. The recent Directive (EU) - NIS (Network and Information Security) on cyber security, implemented in Italy with decree no. 65 of 18 June 2018, requires the FS Italiane group, in its capacity as an operator of essential services (OSE), to adopt technical and organisational measures that strengthen cyber risk management and prevent IT incidents in the context of a national and European model, fundamentally based on the cooperation and integration of information throughout the EU member states. Furthermore, Legislative decree no. 105 of 21 September 2019 established the national cyber security perimeter. The perimeter includes public and private entities that may be considered strategic players and whose protection is essential for the functioning of the country. They are required to apply adequate technical and organisational security measures.

In consideration of the regulatory requirements and the rapid evolution of cyber threats, the group has resolved to adopt an integrated model to guide and govern security. This model combines physical and cyber security management in one command and control centre and guarantees consistent general principles and operating logic. The purpose is to identify threat sources as quickly and as reliably as possible, regardless of whether they are physical, cyber or hybrid attacks, and to respond as rapidly as possible. It was therefore necessary to ensure a single interface with the police forces, the presidency of the Council of ministers, the MIT and, more generally, with the bodies and institutions responsible for safety, as well as with the equivalent bodies in national and international railway companies.

The group has designated the Security & Risk unit as the single function in charge of governing and managing the operations of all the group's cyber security activities and, in line with the new regulatory framework, it updated the cyber security unit's organisational model and further expanded the team of experts.

From an operational standpoint, the Cyber Security Operation Centre (C-SOC) was completed and began operating. It is a specialised hub where state-of-the-art technological and human resources meet to identify, prevent, detect and fight cyber attacks. The new C-SOC protects tens of thousands fixed and mobile group workstations throughout the country and the information systems supporting business processes and transport operation services harnessing the most innovative technologies on the market capable of exploiting the analytical potential of big data and AI to detect and repel cyber attacks. A real time security monitoring system detects cyber threats in the network and business systems, active 24 hours a day, 365 days a year. In 2021, the team of security incident analysts detected, countered and neutralised over 4,000 cyber attacks. One crucial service in this context is threat intelligence, a complex prevention activity in which expert analysis continuously search for and identify new threats and the paths of specific attacks. The analysts use technologies capable of automating the acquisition of information from certified channels (mainly institutional) and, through synchronised links with the group's security devices, update the defence systems.

In the malware analysis service, specialists decipher malware code and analyse its behaviour to identify unknown threats and produce in-house bulletins with compromise indicators, i.e., attack carriers that could affect all sectors, and inform the institutions and other essential service operators.

To boost resilience and meet the high standards of service security and continuity, the C-SOC set up a “Lampertz room” dedicated to disaster & recovery and technologies for controlling operations remotely which allowed the analysts to operate fully remotely during the initial months of the public health emergency without any impact on operations or security.

During the lockdown, the Cyber Security unit, in collaboration with FSTechnology S.p.A., rapidly activated another remote access system to enable employees working from home to securely access company resources even using their own devices on an exceptional basis. Given this immediate need, a new project began to extend to all personnel working remotely a virtual desktop infrastructure (VDI) where they can view their entire workstation and access it from any compatible device, in line with the highest level of security.

In 2021, the project continued to equip the group with a management and control model that classifies information by confidentiality level and protects the information to reduce possible intentional or accidental breaches as a result of the improper use of such information, which could cause significant damage to the group. The project led to the definition of a framework to classify information, establishing the principles, guidelines and operating approaches for the classification and protection of company information and the identification and implementation of operating tools for the classification and protection of the same. With an incremental approach in a series of steps, the framework was implemented in over 30 Italian group companies, for a total of 25.000 users. At the same time, the group set up a specific platform that highlights the characteristic elements of the information classification process to ensure effective reporting accompanied by detailed checks differentiated by company. Furthermore, e-learning courses were delivered on the rules, principles and operating methods of classification.

Environmental and climate risks

The FS group believes that environmental protection is a strategic element in the development of its business. This conviction translates into maximising the environmental advantages of collective passenger transport - by rail, road and waterways - and freight railway transport, as well as minimising the adverse impacts on the environment. The group is exposed to a number of environmental risks as it assigns contracts for the construction of infrastructure and operates transport of freight that could potentially be hazardous for the environment. Consequently, it must comply with an extensive series of environmental laws and regulations. The group’s focus on environmental issues may require it to change its activities, and this could generate expected or unexpected costs.

To protect against environmental risks, the group has a specific structure that uses, if necessary, third party experts and structured procedures to monitor and mitigate factors related to this risk. Furthermore, FS Italiane S.p.A. and the main group companies are involved in the implementation and certification of their environmental management systems in accordance with the ISO 14001:2015 standard, which promotes the integration of the environmental management system in the business and the inclusion of the environment as a strategic factor for the organisation.

The group also controls the environmental risk of its contractor companies assigned infrastructural works projects, which includes a contractual obligation for the construction companies to adopt an environmental management system (UNI EN ISO 14001) for site activities for the entire duration of the contract and provide the company and relevant bodies with objective evidence of their controls over project activities.

In addition to environmental risks, the risks related to climate change are of particular, specific and separate importance, both in terms of the physical impact (i.e., chronic and acute events) and changes in the market structure due to decarbonisation, the progressive adoption of local, regional and state public policies or intergovernmental agreements at

global level to contain greenhouse gas emissions, in line with the objectives of the Paris agreement. The risks of climate change could have significant consequences for the group's assets and its business. Furthermore, as per the definition of the European Commission's communication of June 2019, these risks are classified as:

- transition risks, comprising:
 - risks related to policies and changes in the regulatory framework (i.e., imposing energy efficiency requirements, a carbon tax etc.);
 - legal risks (i.e., risk of litigation for failing to adopt measures to minimise adverse impacts on the climate, etc.);
 - market risks (i.e., when the choices of consumers shift toward services that are less damaging to the climate);
 - technology risks (i.e., if a technology with a less damaging impact on the climate replaces a technology that is more damaging to the climate);
 - reputational risks (i.e., risks related to the difficulty of attracting and retaining customers, employees, business partners and investors if a company has a reputation for damaging the climate);
- physical risks, comprising:
 - acute physical risks, related to extreme weather events such as hurricanes, floods, droughts, whose increasing frequency and intensity are connected to global warming. These events may disrupt our activities and damage the infrastructure;
 - chronic physical risks, which arise from longer-term changes in the climate (temperature changes, reduced water availability, rising sea levels, less stability in land, etc.) with significant consequences for rail and road infrastructures.

Transition risk is controlled through continuous monitoring of regulations and practices in Italy and Europe to mitigate the risk of climate change, making use of the internal governance, compliance and reporting system for these issues. The group is also actively involved in transitioning to a low-carbon economy by defining long-term goals connected with, among other things, reducing CO2 emissions and driving the modal shift towards collective mobility for passengers and railway transport for freight.

In terms of the physical risks arising from climate change, the group's Risk Management Department has developed methodologies to establish an approach for adapting to climate change that is consistent and synergistic across the various group businesses. The group has set up: i) intercompany work groups to coordinate the analyses, methodologies and instruments; and ii) company "panels" to explore the identification and assessment of future climate threats and changes in the climate (e.g., changes in the average and/or variability of climate variables, typically the temperature, precipitation and wind), the assets most exposed to the identified threats and the intrinsic vulnerabilities. The group monitors expected climate and transition trends (which includes participating in sector work groups promoted by the UIC and the PIARC-World Road Association) through a scenario analysis based on the Representative Concentration Pathway (RCP) scenarios defined by the Intergovernmental Panel on Climate Change (IPCC).

The purpose of risk modelling and assessment is to adequately catalogue adaptation measures, which must be established in order for operating processes to function properly, and to support the preparation of an organic risk adaptation plan, the end aim being to equip the group with increasingly climate-resilient infrastructure. Climate resilience is one of the most material aspects of infrastructure networks and a strategic long-term goal to pursue through concrete actions in the short and medium term. In 2021, the group developed a structure programme in response to the physical risk from climate change in order to improve service performance and reliability, reduce emerging costs generated by climate change and boost train travel safety.

The objective of the climate adaptation and resilience programme is to manage the uncertainty of the relevant impacts in order to detect and plan the best physical interventions to be proactively carried out on the infrastructure network.

The approach of the climate resilience programme is based on three factors: i) scientific awareness of future climate dangers, ii) the digitalisation of infrastructural assets and technology for monitoring current climate, and iii) structural adaptation works.

Social risks and risks related to human rights protection

The FS Italiane group has formalised its commitment to responsible conduct in line with the ten principles endorsed by the UN in the Global Compact.

In particular, with respect to human rights, by signing the Global Compact, the group has formally undertaken to:

- uphold and comply with international human rights provisions;
- ensure that it is not complicit in human rights abuses.

The Code of Ethics is a charter of fundamental rights and responsibilities whereby the FS Italiane group establishes and clarifies its ethical and social responsibilities and commitments to all internal and external stakeholders. The principles are constantly, carefully monitored and promoted in ongoing awareness campaigns within the group. The group has established a number of safeguards, such as the People Care unit (focusing on diversity and inclusion), the whistleblowing system, the 231 Model, the ABC policy, etc. in this respect. Demonstrating the effectiveness of these safeguards, there were no incidents of discrimination during the year (related to ethnicity, nationality, political opinions, religion, gender, age, ability, sexual orientation and personal or social conditions) involving internal and/or external stakeholders.

As the group is aware of the importance of suppliers in mitigating social risks and those related to the protection of human rights, it has also designed an evaluation process for the supply chain to strengthen its ability to identify and manage its impacts. Specifically, the standard contractual clauses include requirements that the contractor must comply with: labour and social security laws with the application of national labour agreements; the standards in the group code of conduct. However, the internationalisation process may exacerbate these types of risk. As described in the paragraph on country risk assessments, respect for human rights is a key focus point in the overall assessment of investments. Furthermore, for large projects, in order to optimise the impacts on the local area and the community, the group makes it a priority to use tools that engage the local community (e.g., social and environmental impacts assessment, the service conference, the Conference of Regions and Autonomous Provinces, the Unified Government and Regions Conference), which help it respond to the legitimate requests of stakeholders.

To ensure respect for human rights along the supply chain, the group has also commenced a project (first within RFI S.p.A.) to include a scoring criterion that rewards suppliers for their sustainability in their tenders, using the monitoring platform developed by EcoVadis SAS. EcoVadis SAS' assessment is based on 21 criteria, divided into four areas: Environment, Labour Practices and Human Right, Fair Business Practices and Sustainable Procurement. Specifically, evaluation of the respect for human rights considers the following criteria: child and forced labour, discrimination and harassment and the fundamental rights of man. This project will be progressively extended to all main group companies.

Furthermore, the group is promoting a path of continuous improvement in the management of its supply chain thanks to its participation in Railsponsible, an initiative that brings together major railway companies to promote sustainable procurement by sharing best practices and virtuous processes. Reference should be made to the "Commitment to sustainable development - Sustainable supply chain" section for more information.

Human resources management risks

The risk factors of human resources management constitute one of the most critical issues requiring attention, especially in the current emergency caused by the spread of Covid-19. Failure to manage these risk factors could preclude the achievement of the challenging targets established in the business plan.

Relationships with trade unions are a significant factor in this context. 2021 was not a year of particularly important collective conflict, thanks in part to the understandings reached which, considering the ongoing emergency, included specific clauses for WFH and welfare benefits. In 2021, a series of welfare goods and services was offered to employees with the conviction that company welfare is a way of improving employees' wellbeing, motivating them and encouraging the balance and integration of their working and personal lives.

Furthermore, on 18 February 2021, an agreement was signed in relation to the national labour agreement for the mobility/railway sector of 16 December 2016, establishing a one-time amount to be paid to workers of companies that apply such agreement to fully cover the period from 1 January 2018 to 31 December 2020.

On 18 February 2021, a protocol for the quality of work in railway service contracts was signed, which reiterated the principles that underlie a sound economy, bolstered by the quality of work, such as lawfulness, transparency, sustainability, health and safety in the workplace. In this respect, an observatory was set up for the segment to identify potential improvement actions and illustrate scenarios and perspectives in this field that consider changes on the market, the trend in supply and demand for services and companies' needs.

As part of the CER (Community of European Railway and Infrastructure Companies) delegation, the European trade union agreement "Women in Rail" was signed on 5 November 2021, promoting women's presence and integration in the railway transport sector. The agreement provides for a series of concrete actions and measures that the companies will have to take in the near future in various areas (e.g., work/life balance, sexual harassment, recruitment and professional development) to implement a gender equality strategy.

With respect to labour legislation and contracts, guidance and opinions on the application of the contractual and legal provisions were provided again in 2021, offering the usual support to the relevant units in the management of employment relationships and implementing the legislative changes that arose in the reporting period, with specific regard to the public health emergency.

Additional drivers include: the presence of key resources, specialist skills that are difficult to find, motivation and professional development. The group's new talent development system recognises and, in a targeted manner, makes the most of the motivations and aspirations of people involved in the development processes, as well as the various professional skills and know-how rooted in our personnel's work experience. Company policies and in-house rules were further strengthened in 2021 and support the application of the principles of equity and impartiality in development processes. The psychometric tools used for the potential assessment are also free from gender and cultural bias to ensure equal treatment and opportunities for all.

Also in 2021, in response to the significant impacts that the pandemic has had on company practices, the group ensured the continuity of processes related to the development and training of its people, with greater oversight of the risks of lack of motivation, detachment and the sense of abandonment that the situation has increased exponentially.

The digitalisation of assessment processes - already carried out in 2020 with the Covid-19 emergency - immediately guaranteed the continuity of assessments for the purposes of covering key positions and responsibilities within the various group companies and the parent. In 2021, these remote assessment methodologies were further perfected and are now fully mature, making it possible, on one hand, to ensure the seamless development of all the group's people and, on the other, making the process more flexible, efficient and broad in scope. Investments in such innovative development activities continued as the pandemic did not let up, in order to ensure the use of objective, standardised, fair and merit-based criteria in the definition of career paths, growth and development.

The group's long-standing commitment to training, continuous refresher courses and the search for professionals both within the group and on the market, grew stronger in 2021 with the acceleration of process innovations in terms of the methodologies and supporting technologies, which made it possible to uphold the same effort to care for and focus on the group's people and its attractiveness as an employer on the labour market. The group's response in terms of the innovation

of HR processes was, for all intents and purposes, an effective tool for the management of the emergency. Steps are still being taken to align remuneration with the external market, in accordance with that outlined by FS Italiane S.p.A.'s board of directors and company welfare initiatives that had already been planned and were further consolidated and improved upon through new programmes to provide relief in the wake of the Covid-19 emergency.

Internal job postings developed in line with the principles of transparency, equal opportunities and professional diversification, with the additional goal of developing internal resources and the group's in-house know-how. For jobs that cannot be filled with internal resources, candidates are sought on the outside market, including through partnerships with universities to find resources who bring value to the business, supporting it in the achievement of the objectives in the business plan, in accordance with the principles of fairness, merit, transparency and equal opportunities and with a view to diversity and inclusion. The constant development of tools to support recruitment processes, thanks to the innovative approach taken, enables the group to effectively capture its attractive targets, while reducing costs and times and creating new pools of professional candidates for future needs. These principles are outlined in the talent acquisition policies, which have been updated and distributed to all group companies.

In 2021, further momentum was given to improving the quality of HR processes by setting up an Organisational Development unit that, at the parent level and thanks to the integration by design of the organisation, recruiting, development, training and people care levers, is an added guarantee of transparency, fairness and linearity of HR processes at all group companies.

Through the Code of Ethics, the group has formally and substantially undertaken to never discriminate based on gender, physical and/or intellectual ability, ethnicity, language, religion, political opinion or personal and social condition. Furthermore, the HR units have taken actions and the Equal Opportunities Committee has promoted initiatives to steadily intensify the group's commitment to creating inclusive environments that value all types of diversity and promote women workers for women's leadership and a better work/life balance.

In 2021, with the view that the development of the company culture is one of the strongest ways to prevent non-inclusive behaviour and practices, the group has rolled out many mass training, education and communication initiatives to speed up the development of a collective culture of unbiased thinking that is free of potentially undesirable practices. In this context, parenting support paths began for both new mothers and new fathers, which seek to enhance the enrichment of their new role and help them understand the profound connection between parenting skills and the generative abilities that each person uses every day at work. Another initiative in 2021 was "we care", an online information and education space for all the group's people, providing them with caring tools to improve personal wellbeing in a broad sense (parenting in the digital age and children's addiction to new technologies, back to school with the new normal, managing emotions and inclusive relationships with others, disabilities and skills and tools to support caregivers). The group continued developments in this area with an inclusion plan for everyone to take a strategic organisational approach to D&I (Diversity&Inclusion), seen as a change process within the company to grasp, respect and enhance each person's uniqueness, which makes them an asset for the company to retain.

In 2021, the company set up a unit exclusively dedicated to all caring issues, to advance an integrated action for people (inside and outside the group) using multiple levers: wellbeing, education, inclusion, partnerships with the third sector (volunteering and projects with social cooperatives). The impact was enhanced by the collaboration and joint action with the external and internal communication units. The group also consolidated its corporate social responsibility to people, with constant commitment to consistency both inside and outside the organisation, e.g., involving male students too in their orientation campaigns to overcome gender stereotypes in the technical fields and focusing on raising awareness among men to eliminate discriminatory and non-inclusive social practices like gender-based violence.

With respect to internal communication, the group has reinforced feedback, orientation, alignment and focus to keep people increasingly informed, engaged, active and involved in an ongoing support process for a corporate vision and an idea of what is happening nationally and internationally.

Corruption risks

The FS Italiane group acts with integrity, ethics and zero tolerance for corruption when conducting business.

Several years ago, the group also began a process to prevent corruption and illegality, which has included FS Italiane S.p.A.'s adoption of the 231 model (in December 2003) and the issue of specific guidelines for the prevention of corruption between private parties in FS Italiane group. It also led to the signing of the United Nations Global Compact in 2017.

Confirming this commitment, in 2017, FS Italiane S.p.A. voluntarily adopted a unified anti-corruption self-regulation framework which includes, alongside the 231 Model, the anti-bribery and corruption (ABC) management system and, constituting an integral part of the framework, the anti-corruption policy guidelines, containing the directive criteria for the creation of an effective anti-corruption system within FS Italiane S.p.A.. The ABC system reinforces the anti-corruption controls already in place at each company, encouraging policies to prevent corruption in all its forms (directly and indirectly giving and receiving bribes in relationships with members of the public administration and with other private parties) and expanding the scope of conduct considered punishable under the Italian Criminal Code to include cases of misconduct (e.g., corruption in the broadest sense). FS Italiane S.p.A.'s ABC system is focused on analysing processes regarding "Procurement and contracts", "Assignment of advisory engagements", "Business development initiatives on international markets", "Membership fees, sponsorships, co-marketing, donations and gifts" and "Human resources", considered to be, according to regulations and best practices, the most exposed to corruption risks. For each of the five areas mentioned above, the ABC system provides for cross-check principles and identifies a set of specific prevention tools in the form of standards of conduct and indicators of possible irregularities, to take informed, responsible decisions based on the values of integrity, honesty and lawfulness.

In the first quarter of 2021, FS Italiane S.p.A. completed its first ABC risk assessment campaign, performed through a control risk self-assessment involving management of all company departments in the analysis of their processes for inherent risk (i.e., risks before the controls) and in the assessment of existing controls for the estimate of residual risk. FS Italiane S.p.A.'s organisational and governance changes starting in mid-2021 have made it necessary to update to the risk assessment, which will constitute the input for the identification of the areas in which to expand the ABC system.

To raise awareness about the values that the framework promotes at all levels, the mainly action lines in the ABC system include ongoing training and communications. In 2021, three capsule training sessions were published on the following topics, which had been identified via an in-house survey: conflicts of interest, contractual manager, collaborative supervision agreements with ANAC. These "vertical" initiatives follow the e-learning course launched in late 2019 and early 2020, which is still offered to new hires. Specific training was also held in collaboration with other FS Italiane S.p.A. units on individual processes.

Moreover, in collaboration with the Audit Department, two workshops were held on ABC risk assessment and ANC internal quality review for the subsidiaries' ABC officers, which have adopted the single anti-corruption framework, adjusting it to reflect their specific organisations and businesses, in accordance with the applicable regulatory obligations.

The purpose of the internal quality review provided for by the ABC system is to check, every three years and based on interviews and documentary analyses, that the work of the group ABC units complies with the mission and the relevant legislative framework (i.e., the company's ABC system) and that the ABC system management, implementation and improvement process is effective. In 2021, the ABC internal quality review was performed by teams representing a cross section of units, with members from the group's Audit departments, the parent's Anti-corruption unit and the ABC units of

the two subsidiaries, leading to - for everything - an assessment of compliance for the areas examined (training and communications, reporting, scheduling and other improvement tools).

As for communication activities, alongside the FS Italiane S.p.A.'s web page "Ethics, compliance and integrity" - which summarises the objectives, instruments and principles of the ABC system to share outside the company its commitment to ethics, lawfulness and integrity - there is a dedicated intranet page, which was enhanced in 2021 with an interactive Q&A section on the ABC system.

The ABC system requires that the competent units evaluate alleged violations of the Code of Ethics to take the appropriate measures.

In 2021, FS Italiane S.p.A. updated the procedure to manage whistleblowing reports, which it had adopted in 2019 to implement Law no. 179/2019 (the whistleblowing law). This procedure governs the reception, analysis and processing of reports (including anonymous reports) sent by third parties or people within the FS Italiane group about events that could constitute crimes, irregularities violations of i) the 231 model and the procedures implementing it and/or the ABC system; ii) the Code of Ethics; iii) laws or regulations or internal rules or the authorities' measures, and/or that could in any case cause damage or harm to the FS Italiane group, even only to its image or reputation. A copy of the procedure was delivered to employees when they were hired. This procedure is published in its entirety on the company intranet and as a summary on the FS Italiane website in the FAQs section.

Since July 2020, FS Italiane S.p.A. has had an IT platform to manage whistleblowing reports. This is a channel that digitally ensures the whistleblower's confidentiality and adequate information security measures. The platform may be accessed via the company website and intranet (it is in a special section on the "Ethics, Compliance and Integrity page").

In December 2021, Anas obtained certification in accordance with UNI ISO 37001:2016 (anti-bribery management system) and in 2022, FS Italiane S.p.A. and other group companies will begin a similar project.

Risks related to the Ukraine - Russia conflict

The FS Italiane group's operations are complex and varied, domestic and international, and this exposes it to various risk factors arising from the potential consequences of the conflict in Ukraine. In particular, the different types of risk that have arisen in this context relate to:

- interruptions/critical issues for the company or projects already in progress in the bordering countries or that could potentially be involved;
- business development, such as reduced traffic, demand for mobility and smaller travel/tourist flows, the closure of borders or sanctions that prevent passenger and freight transport and restrictions to economic and cooperation arrangements;
- macroeconomic and financial factors, such as the volatility of energy commodities prices, raw materials prices, global financial markets, exchange rates and interest rates;
- the supply chain, such as shortages of raw materials and components, unavailable energy sources, the interruption of supply chains for production with an impact on service continuity and/or investments;
- cyber crime, e.g., attacks on company assets operating in Ukraine or nearby countries or the intensification of the conflict with a potential impact on service continuity or critical infrastructures.

The group has adopted processes and procedures that support the identification, management and monitoring of events with potential impacts on its resources and business. These processes are meant to optimise the timeliness and efficiency of the actions taken.

Travel safety

In EU countries, railway accidents are monitored by the European Railway Agency ("ERA"), the regulatory body established with EC Directive 2004/881 to create a borderless European railway space, increase the interoperability of railway systems and develop a common culture of railway safety. To monitor accidents, the ERA refers to the regulations of EC Directive no. 2004/49 and EU Directive no. 2014/88, which updated Attachment I of the former Directive concerning the common safety indicators and methods used to calculate the costs of accidents.

Under the principles of EU Directives, an accident is considered significant when at least one moving railway vehicle is involved and if it causes at least one death or serious injury or damage exceeding €150,000 to the tracks, plants or environment, or if it stops traffic for six or more hours. Accidents that occur on tracks that have been taken out of service, even temporarily, accidents in traffic operations (depots, workshops) and those caused voluntarily (suicides or vandalism) are not considered significant.

In Italy, the body with responsibility for the entire national railway network, which performs the duties under EC Directive 2004/49 is the ANSFISA (national agency for the safety of the railways and road and motorway infrastructure). It was established by Law no. 130 of 16 November 2018 and became fully operational with the Prime Ministerial decree no. 520 of 20 November 2020. Once this new agency became fully operational, the ANSF was eliminated and ANSFISA took over its responsibilities.

The scope corresponds to the national infrastructure operated by RFI S.p.A. and is based on a preliminary analysis with figures yet to be consolidated.

There were 110 accidents in 2021, with one significant accident for every 3.1 million km travelled by trains, detailed as follows:

- five train collisions, compared to four in 2020;
- one derailment, compared to six in the previous year;
- a total of seven people hit at level crossings, including pedestrians on closed crossing, compared to six in the previous year;
- 88 serious accidents to people caused by moving rolling stock, compared to 54 in the previous year. This type of accident includes: people falling from moving railway vehicles (either passengers or railway personnel) and people being hit by vehicles (railway personnel and third parties);
- nine accidents which, as they do not fall into any of the other categories, are classified as "other", compared to ten in 2020;
- there were no accidents due to fires involving rolling stock with consequences, as in 2020.

With the greater volume of train-km developed on the network, in 2021, there was an increase - compared to 2020 - in the "train collisions" and "incidents to people involving rolling stock in motion" categories of accidents. The latter category was the cause of 80% of all accidents. The reduction in "derailments" was significant, with one event of this type compared to six in 2020. In order to increase network safety, RFI continued the project to eliminate both public and private level crossings in 2021, by assessing the efficiency of existing pedestrian paths/vehicle roads near railway areas and the identification of the most critical accident-prone points due to the undue presence of pedestrians.

Other information

Introduction

This section details the most significant criminal proceedings and proceedings before the national and EU authorities pending at the reporting date. Up to the date of preparation of this report, no information had arisen that would indicate that the companies, including FS Italiane S.p.A., or the group are exposed to contingent liabilities or losses of any amount, different than those disclosed in Note 47 - Contingent assets and contingent liabilities of the consolidated financial statements, nor is any information known with a potentially material impact on the relevant companies' financial position, performance or cash flows. Furthermore, where appropriate, the companies have joined the criminal proceedings as aggrieved party.

In 2021, following criminal proceedings initiated by the public prosecutors against former or current group company representatives, there were no definitive rulings against senior management (company officers or general directors) for any of the following:

- particularly serious fraudulent crimes entailing significant damage to the companies, including FS Italiane S.p.A., or that gave rise to the application of restrictive measures;
- fraudulent crimes covered by Legislative decree no. 231/2001;
- additional fraudulent crimes covered by Law no. 190/2012.

Furthermore, litigation and significant proceedings pending with employees, third party service providers and/or contractors, the tax authorities, regions, etc., for which, where the relevant conditions are met, accruals have been made to specific provisions for risks and charges, are detailed in the notes to the financial statements, to which reference should be made. Similarly, reference should also be made to the note to contingent assets and contingent liabilities, as indicated above and defined by group policies.

Criminal proceedings pursuant to Legislative decree no. 231/01

- Hearings are underway in criminal proceedings no. 2554/2013 in the general register of crimes at the Foggia Court against RFI S.p.A. pursuant to Legislative decree no. 231/01 concerning the fatal workplace accident on 5 March 2010 at Agro di Cerignola, in which an employee of Fersalento S.r.l. died;
- with respect to criminal proceedings no. 6305/2009 in the general register of crimes with the Public Prosecutor's Office at the Lucca Court, relating to the railway accident in Viareggio on 29 June 2009, another appeal began on 7 March 2022 before the Florence Court of Appeal after Italy's highest court remanded the decision taken on 8 January 2021, the grounds for which were filed on 6 September. With this ruling, Italy's highest court – admitting the defence's arguments – found there were no aggravating circumstances in the violation of rules for the prevention of work-related injuries pursuant to article 589.2 of the Italian Criminal Code. Therefore: (i) all the companies found guilty of administrative liability pursuant to article 25-septies of Legislative decree no. 231/2001 in the appeal, including RFI S.p.A. and Trenitalia S.p.A. (along with Mercitalia Rail S.r.l., as beneficiary of the demerger of Trenitalia S.p.A.'s freight division), were definitively acquitted because "the circumstance did not exist" (the acquittal had already been ordered at the first- and second-level judgements for FS Italiane S.p.A. and FS Logistica S.p.A., now Mercitalia Logistics S.p.A., and, as the Public Prosecutor had not appealed, the judgements had become definitive); (ii) the provisions of the decision in the appeal for the crime of negligent manslaughter were definitively dismissed (article 589 of the Italian Criminal Code) under the statute of limitations. With respect to the charges for the other alleged crime, negligence causing a train crash pursuant to articles 430 and 449 of the Italian Criminal Code, the Court of Cassation confirmed

the appeals judge's decision that Trenitalia S.p.A.'s pro-tempore CEO and Cargo Chemical S.p.A.'s pro-tempore CEO (who became the head of FS Logistica S.p.A.'s Chemical and Environment Industry business unit) and the accused representatives of the GATX group (except for one, remitted to appeal in a new case) and Cima Riparazioni were criminally liable. The court also ordered the quashing of the appealed ruling finding the pro-tempore head of Trenitalia S.p.A. Cargo division, RFI S.p.A.'s former CEO and FS Italiane S.p.A.'s former CEO (previously the CEO of RFI S.p.A.), as well as an RFI S.p.A. officer and a Trenitalia S.p.A. officer guilty, remitting the decision to another section of the Florence Court of Appeals. Furthermore, it denied the Public Prosecutor's appeal against the acquittal of five RFI S.p.A. officers, which therefore became definitive. The highest court also definitively quashed the provisions ordered by the judges in favour of the various aggrieved parties that had joined the proceedings, mostly associations and trade unions, whereas it remitted the claims of other two claimants that had joined the proceedings to be decided in an appeal. The case under appeal, after being remitted by the Court of Cassation, concerns the quantification of the punishment for most of the charges and aspects relating to the attribution of liability for the pro-tempore CEOs of FS Italiane S.p.A. and RFI S.p.A., an officer of RFI S.p.A. and the two people involved from Trenitalia S.p.A.;

- with respect to criminal proceedings no. 1430/2014 in the general register of crimes at the Gela Court regarding the incident in which three maintenance workers of RFI S.p.A. were fatally hit by regional train 12852 from Gela heading towards Caltanissetta on 17 July 2014 near km 217+728 between the Falconara and Butera stations, at the hearing on 7 October 2021, the judge decided with the grounds filed on 26 October 2021. Six of the eight people charged were acquitted for not having committed the crime, including RFI's pro-tempore CEO. The company was also acquitted of the charge of administrative liability pursuant to article 7-septies of Legislative decree no. 2021/26 because "the circumstance did not exist". In particular, the judge found a lack of specific information based on which RFI S.p.A. could be charged with administrative liability, deeming there to be: (i) no economic benefit gained by the company from the managers' conduct; (ii) no liability of the organisation; (iii) a suitable organisation model in line with British Standard OHSAS 18001:2007, which exempts the entity from being held liable. However, the Section Head and Central Operating Manager were sentenced to two years of imprisonment (the punishment was suspended) because, for both generic and specific guilt, they failed to have the work on the track carried out while traffic was suspended. The court deemed inadmissible the joining of the criminal proceedings by an aggrieved party (ANMIL), meaning that no provisions were ordered against the company for damages. Two of the employees found guilty and the Public Prosecutor appealed against the Gela Court's decision. The appeal also relates to the former CEO of RFI S.p.A. and the company for alleged administrative liability under Legislative decree no. 231/2001;
- criminal proceedings no. 3566/2015 in the general register of crimes with the Public Prosecutor's Office of Rimini concerning Trenitalia S.p.A. were commenced in relation to the accident that occurred on 5 March 2015 in which an employee of A.T.S. Costruzioni was injured while working at OMC Locomotive (ordinary maintenance workshop for trains) in Rimini. The charges were made against the former manager in charge of the Rimini OMC, together with the employer and A.T.S.'s safety supervisor, for the crime covered by article 590.1/2 of the Italian Criminal Code. The manager was also charged with violation of article 26.2 of Legislative decree no. 81/2008 for having failed to prepare a single risk assessment document with adequate prevention and protection measures. Trenitalia S.p.A. was allegedly liable for the administrative violations covered by article 25-septies.3 of Legislative decree no. 231/2001, as the crime of negligence causing bodily injury had allegedly been committed in violation of occupational health and safety regulations. The proceedings ended on 27 September 2021 with a favourable outcome for both the Trenitalia S.p.A. manager, acquitted for not having committed the crime, and the company, which was not found liable.

- criminal proceedings no. 20765/2014 in the general register of crimes with the Public Prosecutor's Office at the Florence Court relate to the accident that occurred on 12 January 2014 during rolling stock shunting operations injuring an employee of the Tuscany regional division of Trenitalia S.p.A.. The first-level proceedings before the Florence Court against the employer, the head of the Tuscany regional division production unit, the CEO and manager in charge of the company's accounting documents preparation, as well as Trenitalia S.p.A. for the administrative violations covered by article 25-septies of Legislative decree no. 231/2001, ended with the decision announced on 1 March 2021 and filed on 28 May 2021, whereby, upon the parties' joint request, all those charged were acquitted - including the company - because "the circumstance did not exist";
- criminal proceedings no. 1525/2008 with the Public Prosecutor's Office of Trani relate to multiple charges of negligent manslaughter against five blue-collar workers of the subcontractor company Truck Center with the indictment of, among others, the CEO at the time and a former officer of FS Logistica S.p.A. - the Cargo Chemica S.p.A. business unit (the customer), now Mercitalia Logistics S.p.A. (formerly FS Logistica S.p.A.), and the company as the party liable for damages pursuant to article 25-septies of Legislative decree no. 231/2001. Following the first-level proceedings, on 19 July 2017, the Bari Court of Appeal acquitted the employees of the company then known as FS Logistica S.p.A. (now Mercitalia Logistics S.p.A.) and the company itself. Consequently, this second-level ruling nullified the administrative fine of €1.4 million that Mercitalia Logistics S.p.A. had been ordered to pay in the first-level proceedings for the administrative violation due to the crime. The prosecution appealed against the decision before the Court of Cassation. In the hearing of 8 February 2019, the Court of Cassation annulled the acquittal, referring the case to a different section of the Bari Court of Appeals. The reasons for the ruling were lodged on 25 March 2019. In the new appeal, the employees of the company then known as FS Logistica S.p.A. requested a plea bargain. Once the feasibility of settling the legal matter had been evaluated - with the opinion of external counsel and considering the court context - also considering the possibility of a reduction in the fine, Mercitalia Logistica S.p.A. decided to request a plea bargain as well. This decision had been submitted to the company's board of directors and explicitly decided upon before a reduction in the administrative fine was agreed with the Public Prosecutor from €1.4 million to €900 thousand. At the hearing on 21 December 2020, section II of the Bari Court of Appeals read the ruling whereby it admitted the plea bargains for the charges against Mercitalia Logistics S.p.A. and: (i) found the pro-tempore CEO and manager of the former FS Logistica S.p.A. – Cargo Chemical S.p.A. business unit guilty, redetermined the sentences respectively to one year and six months of imprisonment and two years of imprisonment, granting the generic attenuating circumstances and probation with revocation of the accessory sentence of a temporary five-year ban on the holding of public office; (ii) reduced the administrative fine to €900 thousand for the administrative liability pursuant to article 25-septies of Legislative decree no. 231/2001 to be paid by Mercitalia Logistics S.p.A., also revoking the civil court provisions adopted against it as the party liable for damages. In addition, the court admitted the other plea bargains requested by non-FS Italiane group parties and confirmed the first-level rulings against the contracting company and the company that purchased the liquid sulphur pursuant to Legislative decree no. 231/2001. On 10 March 2021, the reasons for the ruling, confirming that indicated above, were filed.
- with respect to criminal proceedings no. 6769/2015 with the Public Prosecutor's Office at the Perugia Court, with the decree of 11 June 2018, the Preliminary hearing judge indicted the parties under investigation and the company Busitalia Sita Nord S.r.l reclassifying the crime previously charged under article 640 bis of the Italian Criminal Code (aggravated fraud for the purpose of obtaining public funds) to the less serious one covered by article 640.2.1 (aggravated fraud to the detriment of the State). Busitalia Sita-Nord S.r.l. was also indicted for the alleged

administrative crime under articles 5, 24 and 25 of Legislative decree no. 231/2001 in relation to the crime covered by article 640.2.1 of the Criminal Code. First-level arguments are currently being heard before the Perugia Court;

- criminal proceedings no. 18773/2009 are currently pending before the Bari Court. They involve Ferrovie del Sud Est e Servizi Automobilistici S.r.l. for administrative liability pursuant to Legislative decree no. 231/2001, in relation to aggravated fraud for the purpose of obtaining public funds (originally considered a transnational crime which was subsequently excluded by the Judge), also involving the former sole director. The facts relate to the purchase of railway carriages in Poland at higher than market price. Following the request to prosecute the company and all accused natural persons, arguments are now being heard in the proceedings;
- In relation to criminal proceedings no. 3651/2018 in the general register of crimes with the Milan Public Prosecutor relating to a railway accident that occurred on 25 January 2018 in Seggiano di Pioltello, involving the railway company Trenord S.r.l.'s regional train no. 10452 (operating the commercial service on the section between Cremona and the Milano Porta Garibaldi station), causing the death of three passengers and injuries to others, managers and employees of RFI have been indicted and RFI is also charged with administrative liability pursuant to Legislative decree no. 231/01. The notice of completion of the preliminary investigation indicated that the pro-tempore director of ANSF (now ANSFISA) and an official had also been charged. Upon the Public Prosecutor's request, the charges against Trenord S.r.l. and ANSF were dropped. The preliminary hearing before the preliminary investigation judge of the Milan Court ended on 21 June 2021 with the indictment of all the accused, including the company, for all the alleged crimes (negligence causing a train crash, negligent manslaughter, injuries due to negligence, intentional failure to take precautions to prevent occupational injuries). The first-level arguments are being heard before the Milan Court. RFI S.p.A. appeared as party liable for damages and about 60 people and the association FILT CGIL were admitted in the proceedings as the aggrieved parties. One of the accused, the site specialist, settled by agreeing to four years of imprisonment;
- criminal proceedings no. 6224/2016 pending in the general register of crimes with the Parma Public Prosecutor's Office, refer to the call for tenders to award the road local public transport in the Parma area, in relation to which the previous CEO (no longer in office since April 2021) and one manager of Busitalia-Sita Nord S.r.l. and others are charged with, inter alia, illegal bid rigging (article 353 of the Italian Criminal Code), revealing the content of secret documents (article 621 of the Italian Criminal Code) and corruption between private parties (article 2635.2 and 3 of the Italian Criminal Code). On 28 August 2019, the company was served the notice of completion of preliminary investigations as per article 415-bis of the Italian Code of Criminal Procedure. The notice confirmed the charges as per Legislative decree no. 231/2001 against Busitalia Sita Nord S.r.l. for administrative liability pursuant to article 25-ter.1.s-bis in connection with corruption between private parties. On 22 December 2020, the Parma Court's Preliminary Hearing Judge issued the decree ordering proceedings against the company for the aforesaid administrative liability and as liable party for the conduct ascribed to the former CEO and the head of the company's Strategic Planning and Market Development unit. This decree was notified to the company on 17 February 2021. First-level arguments are currently being heard before the Parma Court;
- criminal proceedings no. 3518/2009 in the general register of crimes with the Salerno Public Prosecutor's Office relate to Anas S.p.A. following the fatal accident in the construction of the "S. Angelo" tunnel at the work site for the upgrading of the A2 motorway in which an employee of the company performing the work suffered serious injuries on 18 March 2009 leading to his death on 20 April 2009. Anas S.p.A. was charged pursuant to articles 5.1.B) and 25-septies.2 of

Legislative decree no. 231/01 in connection with the crime under article 589.2 of the Italian Criminal Code, "because it had not effectively adopted organisational models to prevent the committing of crimes and had not given a body within the entity autonomous powers of initiative and control, the duty to supervise compliance with the models and have them updated, which, although one was in place, did not perform supervision or did so insufficiently, and for having violated the obligations of management and supervision of the safety officer". The first level of the case is currently pending;

- with respect to criminal proceedings no. 3556/2019 in the general register of crimes with the Public Prosecutor's Office at the Brindisi Court, which are currently pending in the preliminary investigation stage, on 23 January 2020, Italferr S.p.A. was served a "Notice of investigation for an administrative violation due to a crime" in relation to the fatal workplace accident on 9/10 July 2019 in Brindisi, during works carried out by the sub-contractor HI.TEC Italia S.r.l., the victim's employer, as part of a contract awarded to RFI S.p.A.. HI.TEC Italia S.r.l. and Italferr S.p.A., which were engaged by RFI S.p.A. to perform, inter alia, works management, works oversight and safety coordination in the performance of the works, were charged with an administrative violation due to a crime as per article 25-septies.2 of Legislative decree no. 231/2001. The notice requesting the extension of the terms for the preliminary investigation, which was served to several natural persons, stated that the criminal charges of negligent manslaughter were against eight natural persons, four of whom worked for Italferr S.p.A.. Next, with the decision filed on 21 September 2020, the Public Prosecutor indicted Italferr S.p.A.'s Works coordinator and two of the subcontractor's officers in their positions as employer and supervisor of the victim. The preliminary hearing is pending for these charges. On the other hand, the Public Prosecutor filed a motion to acquit the managers of Italferr S.p.A. and the company itself, charged with administrative liability pursuant to Legislative decree no. 231/2001, against which the aggrieved party appealed. The hearing in the Preliminary Investigation Judge's chambers was held on 8 July 2021 and the judge did not disclose the decision, which has not yet been filed;
- with respect to criminal proceedings no. 524/2020 in the general register of crimes with the Public Prosecutor's Office at the Lodi Court related to RFI S.p.A.'s alleged administrative liability for the derailment of the HS train 9595 in Livraga on 6 February 2020 as a result of which two train drivers lost their lives, on 5 October 2021, the Public Prosecutor issued the notice that the preliminary investigations had been completed and charged the pro-tempore CEO and five managers/employees of RFI S.p.A., as well as the pro tempore CEO and eight managers/employees of Alstom with the crimes of negligence causing a train crash and manslaughter. The original charges against three employees and one manager of RFI S.p.A. were dismissed. RFI S.p.A. and Alstom are also charged with the administrative crime covered by article 25-septies of Legislative decree no. 231/2001.

Other significant criminal court proceedings

- criminal proceedings no. 503034/2012, initially with the general register of crimes with the Public Prosecutor's Office of Rossano and subsequently transferred to the Castrovillari Public Prosecutor's Office, relate to a fatal accident in which a train hit a car with six people inside it at the private level crossing at km 155+849 of the Rossano Calabro - Mirto Crosia section. RFI S.p.A. managers and employees (some of whom retired) and other parties not related to the FS Italiane group are accused, jointly, with negligent manslaughter and negligence causing a train crash. During the preliminary hearing, five natural persons appeared who were related to the victims. During the same hearing, FS Italiane S.p.A. was found liable, and RFI S.p.A. appeared in its place, with the charges against FS Italiane S.p.A. dropped. At the preliminary hearing on 21 May 2021, the preliminary investigation judge acquitted the holder of the concession for the railway crossing and remitted all other accused parties (including 13 employees of RFI S.p.A. and the holder of the keys to the private level crossing) for judgement for the crime of negligence causing a train crash before the Castrovillari court. When the parties appeared in the hearing, the court acknowledged the waiver of all aggrieved parties that had joined the proceedings and declared the claims for damages null and void. Arguments are being heard;
- criminal proceedings no. 2615/2018 in the general register of crimes with the Public Prosecutor's Office at the Ivrea Court involving Trenitalia S.p.A. in relation to a railway accident that occurred on 23 May 2018 on the Chivasso/Ivrea line when regional train no. 10027 hit a lorry (oversized load) that had driven through the level crossing barriers and got stuck on the tracks. The train driver and the driver of the escort service died and many other people were injured, including the train manager. The Public Prosecutor issued a notice of completion of the preliminary investigations against the six parties investigated: the legal representative of the transport company; the legal representative of the company authorised to carry the oversized load; the head of the technical escort service; two drivers. The charges are negligence causing a crash, negligent manslaughter and negligence causing bodily injury, as well as violation of occupational health and safety regulations pursuant to Legislative decree no. 81/2008 for failure to adopt a risk assessment document and for not having ensured workers had been properly informed of the specific risks of the activity. Trenitalia S.p.A. is the injured party in this crime;
- criminal proceedings no. 6662/2017 in the general register of crimes and no. 23758/2019 in the regional register of crimes of the Court of Naples involving Trenitalia S.p.A. in relation to a fatal accident involving a maintenance worker at the Naples ETR Maintenance plant (IMC) on 7 August 2016. Some of the company's managers/employees are being investigated for negligent manslaughter due to the violation of health and safety in the workplace regulations. Arguments are being heard;
- criminal proceedings no. 4153/2016 in the general register of crimes at the Bari Court were commenced by the Public Prosecutor's Office against FSE S.r.l.'s former sole director and other persons. The allegations relate to several instances of document, corporate company and fraudulent bankruptcy which put the company in distress and resulted in the need for FSE S.r.l. to access the procedure for a composition with creditors. FSE S.r.l. and FS Italiane S.p.A. have also joined the proceedings as aggrieved parties. The hearing is currently underway;
- criminal proceedings no. 4877/2018 was included in the general register of crimes with the Public Prosecutor's Office at the Bari Court following a complaint by FSE S.r.l.. They constitute the separation of the main criminal proceedings for bankruptcy no. 4153/2016 in the general register of crimes with the Bari Public Prosecutor's Office against the former sole director of FSE S.r.l. and other parties. After serving the notice of completion of the preliminary

investigation, the Public Prosecutor motioned for a decree ordering the indictment of 20 people, including the former sole director of FSE S.r.l., the pro-tempore CEO of BNL, the head of the Central Administration Department for the public market of BNL in Rome and other officers of the BNL bank for “fraudulent bankruptcy in favour of the creditor BNL” and “fraudulent bankruptcy due to illicit transactions”. In the indictment motion, FSE S.r.l. and FS Italiane S.p.A., together with others, were identified as the aggrieved parties. The preliminary hearing is underway during which FSE S.r.l. and FS Italiane S.p.A. filed their appearance as aggrieved parties;

- criminal proceedings no. 8790/2016 in the general register of crimes with the Public Prosecutor’s Office at the Lecce Court relate to vehicular manslaughter (article 589 bis of the Italian Criminal Code) and road personal injuries (article 590 bis of the Italian Criminal Code) against an employee of FSE S.r.l. in relation to the accident that occurred on 1 August 2016 while the employee was driving the company’s public bus. The company and the insurance company were summoned as the parties liable for damages. On 5 June 2019, the judge acquitted the defendant and consequently dismissed any liability on FSE S.r.l.’s part because the event is not a crime. After the aggrieved party appealed against the first-level decision, the appeal is pending;
- criminal proceedings no. 6310/2017 in the general register of crimes with the Public Prosecutor’s Office at the Lecce Court related to the accident that occurred on 13 June 2017 between two FSE S.r.l.’s trains, at the Galugnano exit, Frazione di San Donato di Lecce, along the section between Lecce and Otranto. The notice of conclusion of preliminary investigations was served to two FSE S.r.l. managers on 11 December 2018. According to the notice, two managers and two company employees are accused of negligence causing a train crash, causing damage to people (approximately 20 injured people, including passengers and FSE S.r.l. personnel) and property (collided trains). Following the request to proceed by the Public Prosecutor’s Office of Lecce, the preliminary hearing was held and the judge sentenced an employee to one year and ten months in prison, admitting the plea bargain agreed with the Public Prosecutor, suspending the sentence with probation. The judge also acquitted another employee, with a fast trial procedure. The reasons for the acquittal were pronounced in the same hearing. Lastly, the judge ordered to two managers of FSE S.r.l. to trial before the Collegial Court of Lecce. At the hearing on 14 June 2021, the Lecce Court acquitted the managers for not having committed the crime. The reasons for the decision were filed on 13 September 2021 and the decision became definitive on 30 October 2021;
- criminal proceedings no. 5926/2015 in the general register of crimes, anti-mafia department, with the Public Prosecutor’s Office of Reggio Calabria refer to two tenders, the first of which was awarded to Anas S.p.A. for “non-routine maintenance works on the Via Casa Savoia overpass in Gallico (former SS 184 Gamberie) at km 438+000 of the Salerno-Reggio Calabria motorway” and the second of which was awarded to RFI S.p.A. for “construction work on the Pentimele stop of the surface metro”. Several of the companies performing the work and six employees of Anas S.p.A. were accused of mafia-related criminal conspiracy (articles 416 and 416-bis of the Italian Criminal Code), bribery, undue soliciting (articles 319 and 319-quater of the Italian Criminal Code), abuse of power and fraud (articles 323 and 640 of the Italian Criminal Code). On 12 March 2020, the preliminary hearing began, in which Anas S.p.A., identified as the injured party, appeared in court as such, and five natural persons of the 20 defendants requested the fast trial procedure. The preliminary hearing before the judge was completed on 22 January 2021 with the indictment of 15 defendants. The first hearing of first-level arguments is now pending. The fast trial procedure ended on the same date as the hearing with two guilty rulings against parties outside Anas S.p.A. and four acquittals, including one for an employee of Anas S.p.A., according to the various charges against the five defendants who had requested such procedure.

Proceedings before national and community authorities

K2 Discount pursuant to Ministerial decree no. 44T/2000. This dispute is one of the disputes relating to the application of the “K2 Discount” - introduced by Ministerial decree no. 44/T of 22 March 2000 and consisting of a temporary discount on the fee to use the railway infrastructure provided that the conditions for a single train driver are not met - in which the MIT (now the MIMS) had ordered could not be applied as there were no government grants (Ministerial decree no. 92/T of 11 July 2007). Following the lawsuit by several railway companies, the Council of State definitively nullified Ministerial decree no. 92/T with ruling no. 1110/2013. The civil action taken by Trenitalia S.p.A. is currently pending before the Rome Civil Court in order to have RFI S.p.A. pay the amounts due for the “K2 Discount” following the annulment of Ministerial decree no. 92/T of 11 July 2007. As part of these proceedings, the judge allowed RFI S.p.A. to implead the MIMS and the MEF to guarantee and indemnify the amounts related to the K2 Discount which may be paid to Trenitalia S.p.A.. Both Ministries appeared as per standard procedure and jointly before the court. RFI S.p.A., inter alia, objected lack of standing to bring the suit and, however, Trenitalia S.p.A.’s lack of eligibility to receive the K2 Discount in relation to services provided for freight transport, due to the demerger of Trenitalia S.p.A. and Mercitalia Rail S.r.l. and the assignment of the freight business unit to the latter effective from 1 January 2017. Mercitalia Rail S.r.l., as per the writ served in 2019, appeared in court. The proceedings are underway and the hearing of conclusions is set for 15 June 2022.

Appeals against the tender for the assignment of services for the Tuscany region. With an appeal lodged on 15 April 2016, the consortium company Mobit Scarl (consisting of Busitalia-Sita Nord S.r.l. and other local public transport incumbents operating in Tuscany) appealed before the Tuscany regional administrative court against the region’s regulation ordering the definitive awarding of the tender to the only other participant, Autolinee Toscane S.p.A. (“AT”). The tender related to the assignment in a single lot of local public transport services for nine years, which may be extended for another two years, worth approximately €4 billion. AT, which also took legal action, presented a counterclaim to have the consortium Mobit Scarl excluded from the tender. With ruling no. 1548/2016 of 28 October 2016, the Tuscany regional administrative court admitted the two appeals, cancelled the awarding of the tender and found that neither of the claimants had presented offers that met the region’s guidelines for the preparation of the economic and financial plan. Mobit, AT and the Tuscany region appealed against ruling no. 1548/2016 before the Council of State. The latter, with an ordinance issued on 6 April 2017, submitted the issues relating to the interpretation of certain provisions of Regulation (EC) 1370/2007 to the EU Court of Justice, as they were relevant to the case. Immediately after notification of the two appeals against the ruling of the Tuscany regional administrative court, in December 2016, the Tuscany region had reopened the tender, asking the two participants to submit a new economic/financial plan accompanying their previously submitted bids. Mobit appealed before the Tuscany regional administrative court. With its ruling of 14 June 2017, the Tuscany regional administrative court denied the appeal. This ruling was appealed before the Council of State. With decision no. 8411 of 11 December 2020, the Council of State denied Mobit’s appeals against the two Tuscany regional administrative court rulings of 28 October 2016 and 14 June 2017. Pending the judgements indicated above, the Tuscany regional authorities assigned another definitive contract to AT. Mobit appealed against this decision as well before the Tuscany regional administrative court, which denied the appeal with ruling no. 344/2020 of 19 March 2020. Mobit then appealed against the regional administrative court’s ruling before the Council of State, which denied the appeal with decision no. 4779/2021 of 21 June 2021, confirming AT’s assignment. Mobit appealed to have this decision revoked pursuant to article 106 of the Procedural Code of Appeals and filed an appeal with Italy’s highest court pursuant to article 111 of the Constitution, article 110 of the Procedural Code of Appeals and article 362 of the Civil Procedural Code.

Antitrust Authority proceedings A536. With the decision of 3 June 2020, the Antitrust Authority began a preliminary procedure against the consortium ONE Scarl, consisting of 26 operators, including Busitalia Sita-Nord S.r.l. and Ataf Gestioni S.p.A., claiming the alleged violation of article 102 of the Treaty on the Functioning of the European Union for abuse of a dominant position. According to the authority, the incumbent operators, acting jointly in the consortium ONE, which operates LPT road services throughout the Tuscany region, allegedly adopted unfair practices to prevent Autolinee Toscane S.p.A. ("AT" - a company owned by the French company RATP) from operating such services, for which AT had won the contract in a tender. According to the claimant, the allegedly unfair practices prevented the completion of the activities in preparation for the transfer of essential assets for the performance of the service to AT from the ONE consortium members. When the procedure began to assess the alleged abuse of a dominant position, the authority claimed the conditions were met for the immediate adoption of precautionary measures based solely on the party's claims. The Antitrust Authority ordered ONE consortium and, insofar as each is responsible, the consortium members/parties to the proceedings, to transmit a series of information and documents needed to transfer the essential assets to the new operator, information that the authority, as indicated by AT and the Tuscan regional authorities, had noted was missing. The authority confirmed the previous precautionary measures taken based solely on the party's claims with the measure on 23 June 2020. In response to this measure, the parties in the proceedings, insofar as each is responsible, sent the authority a report on the activities they had carried out to comply with the precautionary measures, which the authority positively acknowledged on 30 September 2020. Also considering the Council of State's decision on the legitimacy of the Tuscany regional authorities' awarding of the LPT road services to AT and given the specific complexity of the proceedings, the term for their conclusion – initially set for 31 July 2021, then 31 March 2022 - was further postponed to 30 June 2022.

Appeal against the transfer of the investment in FSE S.r.l. to FS Italiane S.p.A.. With ruling no. 6417/2017, the Lazio regional administrative court rejected the appeal filed by Arriva Italia S.r.l., Ferrotramviaria S.p.A. and COTRAP (the "claimants") to repeal MIT (now MIMS) decree no. 248/2016 which identified FS Italiane S.p.A. as the party to receive the investment in FSE S.r.l. which, at the time, was held by said Ministry, thereby confirming its lawfulness. As part of the appeal to overturn the first-level ruling, the claimants indicated the failure to comply with the requirements applicable to government assistance as the first ground of appeal, in relation to: i) the granting of €70 million to FSE S.r.l. pursuant to article 1.867 of Law no. 2018/2015, as amended by article 47 of Law decree no. 50/2017 and ii) FSE S.r.l.'s transfer to FS Italiane S.p.A. with no competitive procedure and no consideration. The Council of State decided to refer the issue to the European Court of Justice, pursuant to article 267.1.a) of the Treaty on the Functioning of the European Union (decision to refer no. 3123/2018). The Court of Justice pronounced its resolution on 19 December 2019 (case C-385/18) stating that – except for the checks that the referring judge (i.e., Council of State) shall make – article 107 of the TFUE must be interpreted in a way that both the accrual of a sum in favour of a public entity and the transfer of the entire investment held by a member state in the share capital of the same entity to a different public entity, without compensation, but with the obligation for the latter to compensate the former capital imbalance, may be classified as government assistance. Following the interpretative resolution of the Court of Justice, the consequent decisions were referred to the Council of State - before which, on 3 February 2020, the complainants summarised the case. On 22 October 2020, the hearing was held before the Council of State, after which the judge, considering the provisions of the European Code of Justice and to complete a knowledge of the facts that could not be easily inferred from the arguments, ordered the commencement of the assessment procedure to be carried out in arguments presented by the parties, on the following query: "*the verifier shall say whether the value of Ferrovie del Sud Est e Servizi S.r.l. at the date of this transfer, as increased, where necessary, by the €70 million granted to it by the Italian government, exceeds the amount of the investment that Ferrovie dello Stato Italiane S.p.A. must make to honour its obligation of removing FSE's capital imbalance*" (ordinance no. 6537/2020). At the public hearing on 30 March 2021, during which the analysis was to have taken place, FS Italiane S.p.A. and FSE S.r.l. petitioned

for the exclusion of third parties that had filed motions to participate in the case from this stage (including the former sole director of FSE). With the ordinance filed on 2 April 2021, the Council of State, since the matter of admissibility should be decided first, scheduled arguments for this matter at a public hearing on 15 July 2021. With non-definitive ruling no. 6556 published on 30 September 2021, the Council of State announced its decision on this preliminary matter and judged admissible ANAV's motion only, which may therefore participate in the analysis, excluding the other potential applicants. The hearing for arguments was scheduled for 26 May 2022.

Appeals against ART decision no. 70/2014: various FS Italiane group companies (RFI S.p.A., the former Grandi Stazioni S.p.A. and Centostazioni S.p.A.) lodged three extraordinary appeals with the President of the Italian Republic against ART decision no. 70 of 31 October 2014 "*Regulation for fair and equal access to railway infrastructures and commencement of proceedings to define the criteria for the definition of the toll to use railway infrastructures*". Initially lodged with the Lazio Regional Administrative Court, the appeals were then transferred to the Piedmont Regional Administrative Court where RFI S.p.A.'s and former Grandi Stazioni S.p.A.'s cases were reinstated. Trenitalia S.p.A. appeared in both proceedings. The appeals lodged by RFI S.p.A. and the former Grandi Stazioni S.p.A. were rejected by the Piedmont Regional Administrative Court with rulings nos. 541/2017 and 1025/2017, respectively. The companies filed an appeal against said rulings. With ruling no. 6108/2019, the Council of State admitted RFI S.p.A.'s appeal (against the Piedmont Regional Administrative Court's ruling no. 541/2017) and cancelled the section of ART decision no. 70/2014 referring to the regulation, which determined the fee to access the HS/HC railway infrastructure for 2015. The Council of State also ordered the ART to renew the procedure for the regulatory period from 6 November 2014 to 31 December 2015 and begin the preliminary process in accordance with the principles upheld in the ruling. With ruling no. 1262 of 12 February 2021, the Council of State, after meeting, rejected the appeals for revision against the Council of State's ruling no. 6108/2019, brought by Trenitalia S.p.A., by another railway company and - incidentally - by ART. Council of State's ruling no. 6108/2019 is therefore confirmed.

With Decision no. 39 of 25 March 2021, the ART therefore began the regulatory proceedings, with the calling of a consultation, to redetermine the fee to access the HS/HC railway infrastructure in the period from 6 November 2014 to 31 December 2015. It was concluded with Decision no. 88 of 17 June 2021. According to the provisions of the aforementioned decision, RFI S.p.A. recovered approximately €125 million. A railway company appealed against this decision in an extraordinary petition to the President of the Italian Republic on 25 October 2021, which was subsequently referred to the Piedmont regional administrative court following the challenges notified by RFI S.p.A. and the ART. On 23 December 2019, the ART filed an appeal before the Joint Sections of Italy's highest court on the Council of State's ruling no. 6108/2019 on the alleged grounds that it went beyond the outer bounds of the administrative court's jurisdiction. Trenitalia S.p.A. and the other railway company joined ART's appeal by filing secondary appeals. With Decision no. 88/21, the ART expressly established that compliance with the Council of State's ruling no. 6108/2019 does not entail acquiescence and that "*if the highest court quashes the decision, the ART's executive measure would also lapse along with its economic effects produced until that time.*" Following the hearing on 14 December 2021, with Ordinance no. 5627 of 21 February 2022, the highest court declared ART's and the railway companies' appeals inadmissible, as there was no illegitimate assumption of jurisdictional power. The principle endorsed in the Council of State's ruling no. 6108/2019 and the economic effects arising from the application of the principles in ART decision no. 88/2021 were thus confirmed.

To provide complete information:

- with ruling no. 5534/2019, the Council of State denied the station manager's (the former Grandi Stazioni S.p.A.) appeal against ruling no. 1025/2017, thereby confirming – inter alia – that the spaces set up to greet and assist passengers also fall within the scope of application of ART regulations;

- the appeal filed by a railway company against the regional administrative court's ruling no. 1239/2017, which dismissed the original appeal against ART decision no. 70/14, is still pending. In this case, a verification was ordered (in progress). The hearing was scheduled for 14 July 2022 for discussion.

Appeals relating to ART decision no. 96/2015. The proceedings refer to the extraordinary appeals lodged with the President of the Italian Republic by RFI S.p.A., Trenitalia S.p.A. and the former Grandi Stazioni S.p.A. against ART decision no. 96 of 13 November 2015 containing the principles and criteria for determining the fees to access and use the railway infrastructure. Their appeals were transferred to the Piedmont Regional Administrative Court. RFI S.p.A. also appeared in the proceedings pending before the Piedmont Regional Administrative Court for the appeal lodged by another railway company against the same ART decision no. 96/2015. The proceedings commenced by RFI S.p.A. were concluded for loss of interest by the infrastructure operator (Piedmont regional administrative court's ruling no. 1287/2017), the appeals lodged by Trenitalia S.p.A. against ruling no. 1240/2017 (in which the Piedmont regional administrative court rejected Trenitalia S.p.A.'s appeal against Decision no. 80/2016), were rejected with the ruling no. 371 of 11 January 2021, and those against ruling no. 57/2018 (in which the Piedmont Regional Administrative Court rejected Decision no. 96/2015 and related measures, including Decision no. 75/2016), were rejected on 1 July 2020 with ruling no. 4216. With ruling no. 58/2018, the Piedmont regional administrative court also rejected the appeal lodged by the former Grandi Stazioni S.p.A. against Decision no. 96/2015 (and related measures).

The Piedmont regional administrative court's rulings nos. 1097 and 1098 of 2017, which settled the appeals lodged by a series of freight railway companies against ART decisions nos. 75 and 80/2016, finding partially in their favour, were appealed before the Council of State which, following the hearing held on 21 February 2019, issued "two preliminary ordinances" whereby it ordered the examination of the ART decisions subject to appeal. Following the hearing on 30 March 2021, with rulings nos. 4067 and 4069 of 26 May 2021, the Council of State denied the appeals lodged by the freight railway companies against the regional administrative court decisions nos. 1098/2017 (appeal against ART decision no. 80/16) and 1097/2017 (appeal against ART decision no. 75/16).

On 7 January 2020, with rulings nos. 19, 23 and 25, the Piedmont regional administrative court settled the appeals filed by the international railway companies OBB, SNCF and DB Bahn against ART decisions no. 96/2015, 72/2016 and 75/2016 (and subsequent decisions). Specifically, the regional administrative court denied the grounds for the appeal to challenge the determination of component A) of the fee (for the calculation of the operator's direct costs) and the ART's jurisdiction for determining component B) of the fee (for the mark-ups). The administrative judge found the challenges to be justified and declared there to be a weakness in the preliminary analysis of the ART's decision to apply a higher fee (in component B) for the international open access networks. In substance, it is not clear on what preliminary basis and for what reasons the ART assumed that international open access could generally bear a mark-up over the national fee.

Consequently, the ART ordered the start of another round of regulatory proceedings (Decision no. 28 of 30 January 2020), to gather the necessary information to justify the application of a surcharge for the international open access segment. With Decision no. 175 of 16 December 2021, the ART completed these proceedings, establishing that the difference between component B) of the fee that RFI had set for the international open access segment and that for the national open access basic segment was unjustified. RFI S.p.A. was ordered to meet a series of requirements, including: (i) recalculate the non-MAP fee for 2018-2021, setting the same rate for B1 component of such fee, applied to passenger railway transport in the international Open Access market segment, as that for the same component of the national open access basic market segment; (ii) following this recalculation, apply the consequent adjustments to the parties to commercial relationships affected by the Piedmont regional administrative court rulings nos. 19, 23 and 25 of 7 January 2020. (iii) for the non-MAP fee, as from 1 January 2022, categorise every train in the international open access segment operating on sections of the network with speeds of over 250 km/h in the open access premium segment for the calculation of component B of the fee,

whereas all other trains must be classified in the open access basic segment; (iv) as for the need to ensure that the infrastructure operator's accounts are balanced, pursuant to article 16 of Legislative decree no. 112/2015, under normal operating conditions and over a reasonable period of time not exceeding five years, establish a specific figurative caption equal to the difference in revenue arising from the application of the above adjustments, as well as the revision of the fees, to be allocated to component B of the unit fee that will be applied to passenger railway transport services operating under the open access market regime on the entire national railway network in the 2023-2027 regulatory period, based on overall traffic volumes forecast for these transport services in the same period.

Trenitalia S.p.A. appealed against ART decision no. 175/2021 before the Piedmont regional administrative court, censuring the part of the regulatory act that, inter alia, limits the payment of adjustments (at the outcome of the fee recalculation procedure) solely to railway companies that are parties to commercial relationships affected by the rulings of the same administrative court (rulings nos. 19, 23 and 25 of 2020), therefore excluding Trenitalia S.p.A..

EU cases SA 32179 and SA 32953. On 28 March 2014, the European Commission's Directorate-General for Competition notified Italy of a decision to begin a formal investigation in connection with two potential state aid programmes relating to:

1. intragroup asset allocation transactions (case SA 32179); and
2. compensation for a public service obligation in the rail freight sector (SA 32953).

The first aid measure being investigated relates to four asset allocations within FS Italiane group, in which assets were allocated to Trenitalia S.p.A. and FS Logistica S.p.A. (now Mercitalia Logistics S.p.A.), respectively. In particular, these transfers include assets that do not constitute railway infrastructure (they are mainly workshops) and are, in any case, no longer functional for the infrastructure operator. The second measure being investigated relates to the fees from Italy to Trenitalia S.p.A. for rail freight transport from 2000 to 2014 under three consecutive public service contracts. After 2015 and 2016, in which there were no further developments, from the end of 2017, the European Commission resumed the examination of both dossiers. Accordingly, considering the current stage of the cases and their complexity, in line with previous evaluations, and based on the opinions of independent legal experts, with respect to both cases it is still impossible to objectively identify a contingent liability. Moreover, with respect to case SA 32179, the effects of any negative development would solely relate to assets within the FS Italiane group; while with respect to case SA 32953, it is still impossible to reliably estimate any amount that might be paid. The examination of both cases was suspended due to the Covid-19 public health emergency, which changed the priorities of the Directorate-General for Competition.

The parent's treasury shares

At 31 December 2021, FS Italiane S.p.A. neither owns treasury shares directly or through trustees or nominees nor has it acquired or sold treasury shares directly or through trustees or nominees in 2021.

Related party transactions

Transactions between FS Italiane S.p.A. and the group companies and their transactions with other related parties are carried out correctly in terms of substance and to the parties' mutual financial benefit based on normal market conditions which are defined with the assistance of independent experts, when necessary.

The shared objective of intragroup transactions is to promote efficiency and, therefore, create value for the entire group. To this end, in line with FS Italiane group's business plan, a more rational reallocation of group assets and resources is underway, to enable each company to focus on its core business, to improve the use of assets not directly related to the core activities of the group companies, transferring these activities to specialised entities, including through demergers and contributions, and to increase intragroup synergies. These processes and transactions are carried out in accordance with sector regulations, the Italian Civil Code and tax laws, in line with the guidelines issued by the relevant ministries and the group's administrative/accounting procedures and considering the specific characteristics of the activities performed by many group companies.

Assets and liabilities, income and expense arising on transactions during the year with parents and other group companies and information on related party transactions are presented in the notes to the separate and consolidated financial statements, to which reference should be made.

Outlook

FS Italiane group

The ongoing pandemic and, most recently, the escalation of the conflict between Russia and Ukraine, which is fuelling fears of an impact on political and social structures and global and European economies, have caused significant operational and strategic disruption, laying the groundwork for a transformational resilience process from which the FS Italiane group and its companies will emerge stronger than before, having overcome the uncertainty and harnessed the experience they have gained.

The pandemic left the global economy with two key vulnerabilities: high inflation and financial market jitters, and the aftershocks of the crisis could easily exacerbate both. Add to that a threat to growth: increasingly higher household spending to cover the rising cost of fuel and heating will erode margins to purchase other goods and services. The collapse of markets would be a dramatic deterioration, affecting wealth and trust. Central banks see this as a two-sided challenge: managing prices and maintaining their growing economies.

This context requires a decisive shift and the definition of a ten-year strategy for the development of the relevant sectors that, in addition to identifying actions for the relaunch, outline the role that the FS Italiane group will play for the national economy to encourage the mobility of people.

All of the above will be clearly presented in the FS Italiane group's ten-year business plan (2022-2031), which will outline the course charted to make the group more capable and effective in taking action on the national mobility system to make it increasingly sustainable and integrated and encourage the adoption of a new modal balance that favours the green transition. The enabling factors in this shift will be technological and digital innovation and people, alongside all stakeholders. This will lead the group companies to work more synergistically in the design, management and maintenance of railway and road infrastructure and the related services which will therefore become genuinely more integrated, effective and environmentally and economically sustainable.

This growth and change process pivots on the group's new organisational structure based on business lines (Infrastructure, Passengers, Logistics and Urban), each with its own, well-defined roles and strategic objectives, and on strategic initiatives (e.g., internationalisation; producing energy from renewable sources and energy efficiency; and shared services), within a broader review of the rules of engagement, processes, procedures and systems.

The **Infrastructure business line** will maximise industrial synergies, specialising the roles of the various types of infrastructure while ensuring that road and rail are fully integrated, with EU and national programming support.

The aim of the **Passengers business line** will be to improve service quality by optimising pricing policies, ensuring physical and virtual intermodality and thereby taking a leadership role in mobility.

Logistics will have the ambitious goal of creating new premium products on dedicated logistics chains to make the group an attractive long-term partner.

The **Urban business line** will work to rebuild the potential of the group's real estate assets through new partnerships and the development of new, dedicated projects that drive urban regeneration.

In this framework, the FS Italiane group, which has launched a transformation plan to define the roles and responsibilities for processes, not only intends to confirm its solid medium- and long-term prospects but also aspires to drive the country's recovery in the transport sector through the crucial role it has been given as an implementing body, specifically for the infrastructural investments included in the ambitious National Recovery and Resilience Plan. The ultimate objective of all these efforts is to contribute to a multi-modal passenger and freight mobility centred around caring for people's needs, that is increasingly sustainable, safe and focused on operational excellence, filling a leadership role in pushing the envelope of technological advancement of resilient digital infrastructure not only in Italy, but with a consolidated international footprint through digital platforms and centres of excellence for innovation and the interconnection of people and freight.

Specifically, in the scope of actions to relaunch the country, the FS Italiane group expects to continue in 2022 with significant growth in capital expenditure in both the Infrastructure and Transport business lines, as the fleets undergo major renewal. In 2022, the Transport business line will see the reorganisation of the long-haul railway passenger transport offer, with a more flexible business and pricing model tailored to people's needs, while the short-haul railway passenger transport fleets will be updated with the delivery of the new Rock, Pop and bimodal trains to perform the services as per the contracts with the regions. Moreover, the sales plan will be diversified based on demand (better service quality, customised fares, tourism and leisure), promoting modal shift policies and solutions.

In the Logistics business line, the core offer will be reinforced (expansion of the customer base and strengthening of domestic leadership and the international offer), integrated logistics will be developed, specialising the networks and/or hourly paths by service type, captive activity and the updating of carriages and locomotives.

As noted earlier, forecasts for 2022 investments in the Infrastructure business line indicate that the FS Italiane group will remain one of the country's largest industrial investors. This is in line with the group's objective of contributing significantly to the actions for the company's rebound with the construction of new railway and road works, integrating the railway and road network with other transport infrastructure and urban centres, ensuring safety and infrastructural resilience in an increasingly challenging, highly digitalised and technological context. In this way, the National Recovery and Resilience Plan is a key instrument to leverage to expand the infrastructure's transport capacity for a more competitive country, also thanks to a widespread accessibility system, in order to ensure more intermodal transport and accessibility for the railway network and maximise synergies, while focusing strongly on urban regeneration.

FS Italiane S.p.A.

The company – which expects to generate a profit for 2022 – has included in its new business plan to 2031 the reinforcement of its duty of providing strategies, control, management and coordination for group processes to fully support the achievement of its strategic vision.



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

*To the board of directors of
Ferrovie dello Stato Italiane S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2021 consolidated non-financial statement of the Ferrovie dello Stato Italiane Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report and approved by the board of directors on 30 March 2022 (the "NFS").

Our procedures did not cover the information set out in the "Group activities through the lens of European Taxonomy" section of the sustainability report required by article 8 of Regulation (EU) 852 of 18 June 2020.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Ferrovie dello Stato Italiane S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

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



Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

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

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.



2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
 - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
 - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
 - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of Trenitalia S.p.A., Busitalia Sita - Nord S.r.l. and Netinera Deutschland GmbH. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at group level,
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we held videoconferences with the management of Ferrovie dello Stato Italiane S.p.A., Trenitalia S.p.A. (specifically, its Technical and Regional business divisions) and Netinera Deutschland GmbH (specifically, its investees Autobus Sippel GmbH and Verkehrstriebwerke Bils GmbH) and visited Busitalia Sita - Nord S.r.l. (specifically, its Umbria regional division), which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.



Ferrovie dello Stato Italiane Group
Independent auditors' report
31 December 2021

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 consolidated non-financial statement of the Ferrovie dello Stato Italiane Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusion does not extend to the information set out in the “Group activities through the lens of European Taxonomy” section of the sustainability report required by article 8 of Regulation (EU) 852 of 18 June 2020.

Rome, 14 April 2022

KPMG S.p.A.

(signed on the original)

Marco Maffei
Director of Audit



Consolidated financial statements of
Ferrovie dello Stato Italiane group at 31 December 2021



Consolidated financial statements

Income statement

millions of Euros

| | Note | 2021 | 2020 |
|--|-----------|-----------------|----------------|
| Revenue | | | |
| Revenue from sales and services | 8 | 11,747 | 10,482 |
| Other income | 9 | 407 | 355 |
| Total revenue and income | | 12,154 | 10,837 |
| Operating costs | | | |
| Personnel expense | 10 | (4,764) | (4,432) |
| Raw materials, consumables, supplies and goods | 11 | (1,582) | (1,278) |
| Services | 12 | (5,418) | (4,800) |
| Use of third-party assets | 13 | (110) | (116) |
| Other operating costs | 14 | (206) | (175) |
| Internal work capitalised | 15 | 1,814 | 1,597 |
| Total operating costs | | (10,266) | (9,204) |
| Amortisation and depreciation | 16 | (1,594) | (1,604) |
| Net impairment losses | 17 | (101) | (180) |
| Accruals | 18 | | (127) |
| Operating profit (loss) | | 193 | (278) |
| Financial income and expense | | | |
| Financial income | 19 | 142 | 81 |
| Financial expense | 20 | (160) | (387) |
| Net financial expense | | (18) | (306) |
| Share of profits of equity-accounted investees | 21 | 32 | 23 |
| Pre-tax profit (loss) | | 207 | (561) |
| Income taxes | 22 | (14) | (1) |
| Profit from discontinued operations, net of taxes | | | |
| Profit (loss) for the year (attributable to the owners of the parent and non-controlling interests) | | 193 | (562) |
| <i>Profit (loss) for the year attributable to the owners of the parent</i> | | 194 | (570) |
| <i>(Profit) loss for the year attributable to non-controlling interests</i> | | (1) | 8 |

Statement of comprehensive income

millions of Euros

| | Note | 2021 | 2020 |
|--|------|-------------|--------------|
| Profit (loss) for the year (attributable to the owners of the parent and non-controlling interests) | | 193 | (562) |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss, net of tax: | | | |
| Net actuarial losses attributable to the owners of the parent | 36 | (48) | (43) |
| Net actuarial losses attributable to non-controlling interests | | (48) | (43) |
| Items reclassified to profit or loss | 36 | 8 | 11 |
| Items that will or may be reclassified to profit or loss, net of tax: | | | |
| Cash flow hedges - effective portion of changes in fair value attributable to the owners of the parent | 36 | 30 | 5 |
| Cash flow hedges - effective portion of changes in fair value attributable to non-controlling interests | | 30 | 5 |
| Net exchange gains (losses) | 36 | (12) | 5 |
| Other comprehensive expense, net of tax | | (22) | (22) |
| Comprehensive income (expense) (attributable to the owners of the parent and non-controlling interests) | | 171 | (584) |
| <i>Comprehensive income (expense) attributable to:</i> | | | |
| Owners of the parent | | 172 | (592) |
| Non-controlling interests | | (1) | 8 |

Statement of financial position

millions of Euros

| | Note | 31.12.2021 | 31.12.2020 |
|--|-----------|---------------|---------------|
| Assets | | | |
| Property, plant and equipment | 24 | 47,049 | 46,460 |
| Investment property | 25 | 1,477 | 1,393 |
| Intangible assets | 26 | 2,560 | 2,668 |
| Deferred tax assets | 27 | 546 | 539 |
| Equity-accounted investments | 28 | 751 | 765 |
| Service concession assets | 29 | 1,554 | 1,891 |
| Financial assets (including derivatives) | 30 | 993 | 1,054 |
| Trade receivables | 31 | 5 | 6 |
| Other assets | 32 | 4,254 | 4,770 |
| Total non-current assets | | 59,189 | 59,546 |
| Inventories | 33 | 2,251 | 2,307 |
| Cash and cash equivalents | 34 | 2,145 | 1,270 |
| Tax assets | 35 | 100 | 104 |
| Service concession assets | 29 | 1,599 | 1,412 |
| Financial assets (including derivatives) | 30 | 170 | 637 |
| Trade receivables | 31 | 2,971 | 2,493 |
| Other assets | 32 | 5,662 | 3,450 |
| Total current assets | | 14,898 | 11,673 |
| Assets held for sale and disposal groups | 23 | 16 | |
| Total assets | | 74,103 | 71,219 |
| Total equity and liabilities | | | |
| Share capital | 36 | 39,204 | 39,204 |
| Reserves | 36 | 60 | 70 |
| Valuation reserves | 36 | (423) | (413) |
| Retained earnings | 36 | 2,350 | 2,956 |
| Profit (loss) for the year | 36 | 194 | (570) |
| Equity attributable to the owners of the parent | 36 | 41,385 | 41,247 |
| Profit (loss) attributable to non-controlling interests | 37 | (1) | 8 |
| Share capital and reserves attributable to non-controlling interests | 37 | 162 | 154 |
| Total equity attributable to non-controlling interests | 37 | 161 | 162 |
| Equity | | 41,546 | 41,409 |
| Liabilities | | | |
| Loans and borrowings | 38 | 8,901 | 7,733 |
| Post-employment benefits and other employee benefits | 39 | 1,030 | 1,073 |
| Provisions for risks and charges | 40 | 2,410 | 2,437 |
| Deferred tax liabilities | 27 | 599 | 597 |
| Contract advances | 41 | 1,171 | 1,214 |
| Financial liabilities (including derivatives) | 42 | 1,304 | 1,381 |
| Trade payables | 43 | 15 | 26 |
| Other liabilities | 44 | 124 | 140 |
| Total non-current liabilities | | 15,554 | 14,601 |
| Loans and borrowings and current portion of non-current loans and borrowings | 38 | 2,774 | 3,832 |
| Current portion of provisions for risks and charges | 40 | 13 | 18 |
| Tax liabilities | 45 | 6 | 4 |
| Contract advances | 41 | 577 | 431 |
| Financial liabilities (including derivatives) | 42 | 213 | 169 |
| Trade payables | 43 | 6,445 | 5,586 |
| Other liabilities | 44 | 6,975 | 5,169 |
| Total current liabilities | | 17,003 | 15,209 |
| Liabilities held for sale and disposal groups | 23 | | |
| Total liabilities | | 32,557 | 29,810 |
| Total equity and liabilities | | 74,103 | 71,219 |

Statement of changes in equity

millions of Euros

| Equity | | | | | | | | | | | | | | |
|--|---------------|---------------|-----------------------|----------------|---------------------|--------------------|-------------------|--------------------|----------------|-------------------|----------------------------|---|--|---------------|
| | Reserves | | | | | | | | | | | | | |
| | Share capital | Legal reserve | Reserves | | | Valuation reserves | | | Total reserves | | | | | |
| | | | Extraordinary reserve | Other reserves | Translation reserve | Hedging reserve | Actuarial reserve | Fair value reserve | | Retained earnings | Profit (loss) for the year | Equity attributable to the owners of the parent | Equity attributable to non-controlling interests | Total equity |
| Balance at 1 January 2020 | 39,204 | 53 | | | | (69) | (331) | | (347) | 2,412 | 573 | 41,842 | 448 | 42,290 |
| Capital increase | | | | | | | | | | | | | | 13 |
| Dividend distribution | | | | | | | | | | | | | | |
| Allocation of profit for the previous year | | 12 | | | | | | | 12 | 561 | (573) | | | |
| Change in consolidation scope | | | | | | | 14 | | 14 | (9) | | 5 | (315) | (310) |
| Other changes | | | | | | | | | | (8) | | (8) | 8 | |
| Comprehensive expense | | | | | 5 | 16 | (43) | | (22) | | (570) | (592) | 8 | (584) |
| of which: | | | | | | | | | | | | | | |
| Loss for the year | | | | | | | | | | | (570) | (570) | 8 | (562) |
| Net losses recognised directly in equity | | | | | 5 | 16 | (43) | | (22) | | | (22) | | (22) |
| Balance at 31 December 2020 | 39,204 | 65 | | | 5 | (39) | (374) | | (343) | 2,956 | (570) | 41,247 | 162 | 41,409 |
| Balance at 1 January 2021 | 39,204 | 65 | | | 5 | (39) | (374) | | (343) | 2,956 | (570) | 41,247 | 162 | 41,409 |
| Capital increase | | | | | | | | | | | | | | 2 |
| Dividend distribution | | | | | | | | | | | | | | |
| Allocation of loss for the previous year | | 2 | | | | | | | 2 | (572) | 570 | | | |
| Change in consolidation scope | | | | | | | | | | 1 | | 1 | | 1 |
| Other changes | | | | | | | | | | (35) | | (35) | (2) | (37) |
| Comprehensive income | | | | | (12) | 38 | (48) | | (22) | | 194 | 172 | (1) | 171 |
| of which: | | | | | | | | | | | | | | |
| Profit for the year | | | | | | | | | | | 194 | 194 | (1) | 193 |
| Net losses recognised directly in equity | | | | | (12) | 38 | (48) | | (22) | | | (22) | | (22) |
| Balance at 31 December 2021 | 39,204 | 67 | | | (7) | (1) | (422) | | (363) | 2,350 | 194 | 41,385 | 161 | 41,546 |

Statement of cash flows

millions of Euros

| | 2021 | 2020 |
|---|-----------------|----------------|
| Profit (loss) for the year | 193 | (562) |
| Income taxes | 14 | 1 |
| Net financial expense | 18 | 307 |
| Amortisation and depreciation | 1,594 | 1,603 |
| Share of profits of equity-accounted investees | (32) | (23) |
| Accruals to provisions and impairment losses | 580 | 734 |
| Gains on sales | (126) | (81) |
| Change in inventories | 162 | (14) |
| Change in trade receivables | (434) | 176 |
| Change in trade payables | 846 | (211) |
| Change in other liabilities | 1,785 | (497) |
| Change in other assets | (1,611) | 659 |
| Utilisation of the provisions for risks and charges | (515) | (694) |
| Payment of employee benefits | (198) | (209) |
| Change in assets/liabilities held for sale | | 29 |
| Financial income collected/financial expense paid | (59) | (178) |
| Income taxes paid, net of reimbursed tax assets | (14) | (14) |
| Net cash flows generated by operating activities | 2,203 | 1,026 |
| Increases in property, plant and equipment | (9,561) | (6,229) |
| Investment property | (24) | (5) |
| Increases in intangible assets | (275) | (257) |
| Increases in equity investments | (191) | (178) |
| Investments, before grants | (10,051) | (6,668) |
| Grants for property, plant and equipment | 7,646 | 4,352 |
| Grants for investment property | | |
| Grants for intangible assets | 9 | |
| Grants for equity investments | 182 | 150 |
| Grants | 7,837 | 4,502 |
| Decreases in property, plant and equipment | 84 | 111 |
| Decreases in investment property | 6 | 3 |
| Decreases in intangible assets | | 1 |
| Decreases in equity investments and profit-sharing arrangements | 19 | 7 |
| Decreases | 109 | 122 |
| Net cash flows used in investing activities | (2,105) | (2,044) |
| Finance lease payments | (177) | (188) |
| Disbursement and repayment of non-current loans | 1,090 | (125) |
| Disbursement and repayment of current loans | (984) | 420 |
| Change in service concession assets/liabilities | 252 | 248 |
| Grants relating to assets (for loans) | 504 | 611 |
| Change in financial assets | 55 | (60) |
| Change in financial liabilities | 12 | (56) |
| Dividends | | |
| Changes in equity and cash from non-recur. trans. | | (108) |
| Net cash flows generated by financing activities | 752 | 742 |
| Total cash flows | 850 | (276) |
| Opening cash and cash equivalents | 1,258 | 1,534 |
| Closing cash and cash equivalents | 2,108 | 1,258 |
| of which intragroup current account | (37) | 12 |



Notes to the consolidated financial statements

1. FS Italiane group's business and structure of the consolidated financial statements

Ferrovie dello Stato Italiane S.p.A. (the "company" or "FS Italiane") was set up in accordance with Italian law and is based in Italy. Its registered office is in Piazza della Croce Rossa 1, Rome.

The parent and its subsidiaries ("Ferrovie dello Stato Italiane group", "FS Italiane group" or the "group") provide passenger transport, freight transport and logistics services, both in Italy and abroad and manage an extensive railway and road network. FS Italiane group's structure is shown in Annex 5.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect at the reporting date ("IFRS"). Specifically, the group consistently applies the IFRS to all periods presented in these financial statements.

The consolidated financial statements have been prepared and presented in Euro, which is the FS Italiane group's functional currency, i.e., the currency of the primary economic environment in which the FS Italiane group operates. All amounts included in the financial statements and the tables and comments of the following notes are expressed in millions of Euros.

The financial statements format applied and the related classification criteria adopted by the FS Italiane group in accordance with the options provided for in IAS 1 - Presentation of Financial Statements are set out below:

- the statement of financial position has been prepared by classifying assets and liabilities as "current/non-current";
- the income statement has been prepared by classifying operating costs by nature;
- the statement of comprehensive income includes the profit for the year, as well as any other changes in equity captions, specifically actuarial gains or losses on employee benefits, fair value gains or losses on hedging instruments and gains and losses on the translation of the financial statements of foreign operations;
- the statement of cash flows has been prepared by reporting cash flows arising from operating activities using the indirect method.

These consolidated financial statements have been prepared on a going-concern basis, as the directors established that there are no financial or operational indicators or any other indications of critical issues with respect to the FS Italiane group's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months. Reference should be made to the note to "Financial and operational risk management" for a description of the group's financial risk management procedures, including those applicable to the liquidity risk.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets and liabilities, including derivatives, which are measured at fair value.

The group has consistently applied the accounting policies to all periods presented in these consolidated financial statements, except for that set out below in respect of the newly-applied accounting policies.

On 30 March 2022, the directors approved the separate financial statements at 31 December 2021 and their submission to the shareholder pursuant to article 2429 of the Italian Civil Code. These consolidated financial statements will be

subsequently presented for the shareholder's approval within the terms set by law and will be filed within the terms established by article 2435 of the Italian Civil Code. The shareholder is entitled to make changes to these consolidated financial statements. For the purposes of IAS 17.10, the directors authorised these consolidated financial statements for issue on 30 March 2022, which is the date when they approved them.

KPMG S.p.A. was assigned the engagement to carry out the statutory audit for the 2014-2022 period pursuant to Legislative decree no. 39/2010.

3. Consolidation scope

The consolidation policies applied by the FS Italiane group to define the consolidation scope and, specifically, subsidiaries, joint arrangements and associates, and the related consolidation criteria, are described below.

i) Subsidiaries

The consolidated financial statements comprise the financial statements of the parent and those of the companies directly and indirectly controlled by the parent, from the date it gains control until the date when control ceases. Control can be exercised through direct or indirect holding of the majority of voting rights or through the right to variable returns from its involvement with the investees and the ability to affect those returns through its power over the investee, including regardless of shareholding relationships. The existence of potential voting rights exercisable at the reporting date is considered when determining control.

When non-controlling interests are acquired, goodwill is recognised only to the extent that it is attributable to the parent. Non-controlling interests are calculated based on the percentage of investment held by third parties in the identifiable net assets of the acquiree.

With respect to business combinations achieved in stages, when control is acquired, the previously held equity interest in the acquiree is remeasured at fair value, recognising the resulting gain or loss, if any, in profit or loss.

When non-controlling interests are acquired, once control is obtained, the positive difference between the acquisition cost and the carrying amount of the non-controlling interests acquired is recognised as a decrease in the parent's equity. Conversely, when control over an entity is retained despite the sale of a portion of equity interests, the difference between the consideration received and the carrying amount of the portions transferred is recognised directly as an increase in equity.

The group recognises business combinations under common control, which are not covered by IFRS 3 or other standards, in accordance with IAS 8 in order to reliably and fairly present the transaction in accordance with OPI 1 (Assirevi's preliminary guidance on the IFRS).

The reporting date of the financial statements of subsidiaries, joint arrangements and associates included in the consolidation scope is 31 December, which is the reporting date of the consolidated financial statements. These financial statements have been specifically prepared and approved by the boards of directors of each company and duly adjusted, where necessary, to comply with the accounting policies of the FS Italiane group.

Subsidiaries have been consolidated as follows:

- the assets and liabilities, income and expense of these companies are consolidated on a line-by-line basis, allocating, where necessary, the relevant portion of equity and profit or loss for the year to non-controlling interests. Equity and profit or loss for the year attributable to non-controlling interests are presented separately in consolidated equity and the consolidated income statement;

- business combinations of entities not under common control, whereby control of an entity is acquired, are recognised using the purchase method. The acquisition cost is the acquisition-date fair value of transferred assets, liabilities assumed and equity instruments issued. Identifiable acquired assets and identifiable assumed liabilities are recognised at their acquisition-date fair value. If positive, the difference between the acquisition cost and the fair value of identifiable acquired assets and identifiable assumed liabilities is recognised under intangible assets as goodwill; if negative, after having remeasured the fair values of the above assets and liabilities and the acquisition cost, said difference is recognised directly in profit or loss, as income. When the fair value of the identifiable acquired assets and identifiable assumed liabilities assets can only be determined provisionally, the business combination is recognised using such provisional amounts. Any adjustments related to the completion of the measurement process are recognised within twelve months of the acquisition date, recalculating comparative figures;
- profits and losses, including the related tax effects, from transactions among consolidated companies and not yet realised with third parties, are eliminated, except for unrealised losses when the transaction reflects an impairment loss on the transferred asset. Assets and liabilities and costs and revenue are also eliminated, as well as financial income and expense;
- with respect to the acquisition of non-controlling interests in companies already controlled, any difference between the acquisition cost and the related portion of the acquiree's equity is recognised in equity.

All subsidiaries are consolidated from the date the group acquires control and are excluded from the consolidation scope on the date the group no longer retains control.

ii) Joint arrangements and associates

Joint arrangements can be classified as joint operations or joint ventures based on the underlying rights and contractual obligations. Specifically: (i) a joint operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. In this case, individual assets and liabilities and the related costs and revenue are recognised in the financial statements of the parties based on their individual rights and obligations, regardless of the interest held; (ii) a joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement.

Associates are those companies over which the FS Italiane group exercises significant influence, being the power to govern the financial and operating policies of the investee, without having control or joint control thereof. When assessing the existence of significant influence, potential substantive voting rights are considered.

Interests in joint ventures and associates are initially recognised at cost and subsequently measured using the equity method, whereby:

- the carrying amount of interests in joint ventures and associates is aligned to their equity, adjusted, where necessary, to comply with the accounting policies of the FS Italiane group; it includes the greater amounts allocated to assets and liabilities and goodwill, if any, identified upon acquisition;
- the associates' profits or losses attributable to the FS Italiane group are recognised from the date significant influence begins to the moment it ceases, while those of joint ventures from the date the rights to the net assets of the arrangement begin to the moment they cease. If, because of the losses incurred, the companies have a net deficit, the carrying amount of the investment is eliminated and any excess amount pertaining to the FS Italiane group, where the latter is committed to fulfil the investee's legal or constructive obligations, or to cover their losses, is recognised in a specific provision. The statement of comprehensive income items of equity-accounted investees are recognised in specific equity reserves;

- unrealised profits and losses on transactions between the parent/subsidiaries and the equity-accounted investee are eliminated based on the amount of the interest held by the FS Italiane group in the investee. Unrealised losses are eliminated, except for impairment losses.

Interests in joint operations are accounted for by recognising the assets/liabilities and the costs/revenue related to the arrangement based on the relevant rights/obligations, regardless of the interest held.

Subsidiaries, joint arrangements and associates, whose consolidation or recognition in the consolidated financial statements using the equity method does not generate significant effects on the group's financial position and results of operations, are excluded from the consolidation scope and recognised at fair value, where available, or at cost, net of any impairment losses.

4. Change in consolidation scope and non-recurring transactions

On 26 February 2021, the group company Busitalia Sita Nord S.r.l. sold its entire investment in City Boat S.r.l. (25%) and the latter's investment in Venezia City Sightseeing (75%) to Auto Guidovie Italiane S.p.A. for a consideration of €0.075 million.

On 2 March 2021, in their extraordinary meeting, the shareholders of Tunnel Ferroviario del Brennero - Società di Partecipazioni S.p.A. resolved to increase the company's share capital from €985,790,910 up to a maximum of €1,015,790,910. The capital increase was to be performed by 31 May 2021 by issuing new ordinary shares to be offered as an option at par to shareholders. RFI S.p.A. subscribed and paid its share on 16 April 2021, in addition to the unopted portion on 7 May 2021. Therefore, based on the payments made, the group now holds €912,764,223 or 89.857% of the share capital.

On 23 April 2021, the shareholders of Intermodalidad de Levante SA resolved to increase the company's share capital by issuing 10,000 new shares with a nominal amount of €6.00 each, plus a share premium of €644 each, for a total of €6,500,000, subscribed proportionally by the current shareholders (55% Operador Ferroviario de Levante SL and 45% Trenitalia S.p.A.).

On 11 June 2021, the deed of incorporation of Sei mobil on demand GmbH, based in Sendenhorst, was signed. The company is wholly owned by Sei mobil Verkehrsgellschaft GmbH.

On 11 October 2021, the shareholders resolved to change Thello Sas' name to Trenitalia France Sas.

On 2 November 2021, the deed of incorporation of erixx Holstein GmbH was signed. The company is wholly owned by Osthannoversche Eisenbahnen AG - OHE AG.

On 10 November 2021, Autostrade del Lazio S.p.A. was put into liquidation and has therefore been excluded from the consolidation scope.

On 2 November 2021, Nugo S.p.A. was put into liquidation and has therefore been excluded from the consolidation scope.

On 14 December 2021, Ataf Gestioni S.r.l. sold its investment in IMAGO S.p.A. to IGP Decaux S.p.A. for a consideration of €0.3 million.

On 23 December 2021, Cisalpino SA in liquidation was struck off the Company register.

5. Translation of foreign operations' financial statements

The financial statements of subsidiaries, joint arrangements and associates have been prepared using their functional currency, being the currency of the primary economic environment in which they operate. Foreign operations' financial statements expressed in a functional currency other than the Euro are translated as follows:

- assets and liabilities are translated using closing rates;
- goodwill and fair value adjustments related to the acquisition of a foreign operation are considered as assets and liabilities of the foreign operation and translated using closing rates;
- revenue and expense are translated at the average exchange rate of the year;
- the translation reserve, recognised under consolidated equity captions, includes both exchange gains and losses arising from the translation of amounts, using rates other than closing rates, and those arising from the translation of opening equity applying a rate other than the closing rate. This reserve is released to profit or loss when the related equity investment is sold.

The following exchange rates were applied to translate the financial statements of foreign operations prepared in a functional currency other than the Euro:

| € | Average exchange rate for | | Closing rate at 31 December | |
|----------------|------------------------------|--------|--------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| Swiss franc | 1.08 | 1.07 | 1.03 | 1.08 |
| Pound sterling | 0.86 | 0.89 | 0.84 | 0.90 |
| Danish krone | 7.44 | 7.45 | 7.44 | 7.44 |
| Swedish krona | 10.15 | 10.48 | 10.25 | 10.03 |
| Serbian dinar | 117.55 | 117.61 | 117.62 | 117.59 |
| Saudi riyal | 4.43 | 4.28 | 4.25 | 4.59 |
| Turkish lira | 10.26 | 7.91 | 15.23 | 9.11 |

Translation of foreign currency amounts

Any transactions in a currency other than the functional currency are recognised at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in a currency other than the Euro are subsequently adjusted at the closing rate. Non-monetary assets and liabilities denominated in a currency other than the Euro are recognised at historical cost using the exchange rate prevailing at the date of initial recognition. Exchange differences are taken to profit or loss.

6. Accounting policies

The most significant accounting policies applied to the preparation of these consolidated financial statements are described below.

Property, plant and equipment

General criteria

Property, plant and equipment are recognised at purchase or production cost, net of accumulated depreciation and impairment losses, if any. The purchase or production cost includes any charges that are directly incurred to make assets available for use, as well as dismantlement and removal charges, if any, that will be incurred as a result of contractual obligations that require the asset to be returned to its original conditions. Any financial expense that is directly attributable to the acquisition, construction or production of qualifying assets is capitalised and depreciated on the basis of the useful life of the asset to which it refers. Leasehold improvements or costs to upgrade and transform property, plant and equipment are recognised under assets.

Any charges incurred for ordinary maintenance and repairs are directly charged to profit or loss when incurred. Costs to expand, upgrade or improve the structural elements owned or used by third parties are capitalised when they meet the requirements for separate recognition as assets or as parts of an asset, applying the component approach, whereby a component must be accounted for separately if its useful life can be measured independently.

Depreciation is charged on a monthly straight-line basis using rates that reflect the assets' useful life. When the depreciable asset comprises separately identifiable items with a useful life that is significantly different from that of the other items comprising the asset, depreciation is charged separately using the component approach.

Trenitalia S.p.A.'s calculation of rolling stock depreciation

Under the component approach, rolling stock was broken down into similar clusters based on the relevant technology level. Four classes of components were identified for each cluster:

1. components to be reconditioned: these are serialised items of a high economic value which are regularly reconditioned at set travelling/time intervals;
2. worn components: these are fully replaced with the spare parts in stock;
3. components to be restyled for obsolescence/technical ageing/safety reasons;
4. components which are not altered throughout the life of the rolling stock.

These components are depreciated over the following periods: 5/6.5 years for classes 1 and 2; 12.5 years for driving material and 10 years for hauled stock under class 3, and 23/30 years for class 4 components.

Rolling stock maintenance over the asset's useful life can be broken down into three macro-types:

- ordinary maintenance which ensures rolling stock efficiency; it is recognised in profit or loss;
- second-level maintenance which mainly involves replacing/repairing rolling stock components subject to wear and tear (classes 1 and 2); it is recognised in profit or loss;
- revamping activities which mainly increase the asset's performance, efficiency or useful life (class 3); it is recognised in profit or loss.

Based on the current structure of the entire maintenance process, second-level maintenance usually takes place every 5/6.5 years. These activities mainly refer to parts subject to wear and tear and replacement thereof.

Investments in revamping activities, i.e., all activities which increase the asset's performance, efficiency or useful life, provide for three main types of activities:

- activities that dramatically change the characteristics of the rolling stock and require CESIFER's re-approval, resulting in a new serial number. In this case, the useful life of the rolling stock is generally around 18 years and the depreciation rate applied is equal to 5.5%;
- technological activities which, in accordance with the provisions of the Supervisory Authority, ensure safety by adjusting the operating fleet, or part thereof. Again, these activities take place approximately every 18 years and are depreciated using a 5.5% rate;
- all other revamping activities which are not part of the above categories fall under class 3 and are therefore depreciated using an 8% or 10% depreciation rate, depending on whether the asset is a driving or hauled part.

RFI S.p.A.'s calculation of depreciation of property, plant and equipment

Depreciation is calculated on a straight-line basis at variable rates based on train-km production volumes. "Train-km" means the total number of kilometres travelled by trains on a railway infrastructure expressed in millions/year. Specifically, depreciation is calculated based on the ratio of quantities generated in the year to total production expected throughout the concession term, applied to the cost of the infrastructure at the reporting date. On this point, with respect to the infrastructure, the circumstance in which future investments (limited to those which guarantee a sufficient efficiency and security level of the infrastructure equal to that of the current year, specifically, extraordinary maintenance and renewals) is considered. Indeed, they are fully covered by grants and are fully financed by the government and are considered when determining the infrastructure's total production capacity. Consequently, they contribute to confirming the infrastructure's current production over the term of the concession, its useful life, and because of this profile, have an impact on the calculation of the depreciation rate. If the government had not provided any grants, the depreciation would have been calculated based on the ratio of quantities generated in the year to total production expected throughout the concession term, without considering those related to the future costs necessary to ensure the infrastructure's efficiency in the same period (specifically, extraordinary maintenance and renewals), applied to the depreciable cost of the railway infrastructure at the reporting date

The depreciable cost of investments is the sum of all costs incurred not yet amortised, including any interest expense accrued during or for the development of assets, net of grants related to assets, excluding the expected residual carrying amount of the railway infrastructure at the end of the concession, in order to consider the related transferability against consideration.

Property, plant and equipment which, together with intangible assets and investment property, make up the railway infrastructure, comprise seven lines as shown in the table below.

For each line, RFI S.p.A. uses the number of train-km actually sold during the year and resulting from the company's specific monitoring system, as the indicator of the quantity generated during the year.

The depreciation rates applied in 2021 and 2020 are as follows:

| Line | Production indicator | |
|--|----------------------|--------------|
| | 2021 | 2020 |
| HS/HC network | 1.71% | 1.32% |
| Traditional network | | |
| Po Plain line and international transits | 2.03% | 1.93% |
| North Tyrrhenian line and branch lines | 2.25% | 2.08% |
| Backbone and branch lines | 1.99% | 1.90% |
| South Tyrrhenian line | 2.19% | 2.06% |
| Adriatic line and Apennines lines | 2.20% | 2.09% |
| Secondary network | 2.20% | 2.04% |

The useful life of property, plant and equipment and their residual value are updated, where necessary, at least at each reporting date. Land is depreciated to the extent related to site reclamation costs. Property, plant and equipment are derecognised when they are sold or when no future economic benefit is expected to arise from use; any gain or loss (calculated as the difference between the sale price, less costs to sell, and the carrying amount) is recognised in profit or loss in the year the asset is derecognised.

The depreciation rates used by the FS Italiane group for the other categories of property, plant and equipment are as follows:

| Class | Depreciation rate |
|-------------------------------------|-------------------|
| Buildings | 2% - 5% |
| Plant and machinery | 5% - 10% |
| Rolling stock | 3.3% - 20% |
| Industrial and commercial equipment | 7.5% - 25% |
| Other assets | 8% - 25% |

Leased assets

Identification

At the inception date of the lease (i.e., the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease) and, subsequently, the group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

In particular, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that is, or contains, a lease, the group accounts for each lease component within the contract as a lease separately from non-lease components of the contract, which are accounted for in accordance with other standards.

The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee. It is determined by assessing the length of the non-cancellable period of a lease, i.e., the period in which the contract is enforceable, including any rent-free periods provided to the lessee by the lessor. In addition to this term, the group considers:

- the period covered by the option to renew the lease if the group is reasonably certain to exercise the renewal option;

- periods after the termination option if the group is reasonably certain not to exercise the option.

Options to terminate the lease held only by the lessor are not considered.

Recognition

At the commencement date of a lease, the group recognises the right-of-use asset under intangible assets/property, plant and equipment and/or investment property, depending on the nature of the asset subject to each lease contract and the lease liability in current and non-current financial liabilities.

The right-of-use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date, plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The group measures the lease liability at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate if it cannot. The lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate, any residual value guarantees, the exercise price of a purchase option (if the group is reasonably certain to exercise that option), the exercise price of an extension option (if the group is reasonably certain to exercise that option) and payments of penalties for terminating the lease (if the lease term reflects the lessee exercising an option to terminate the lease).

The right-of-use asset is subsequently depreciated on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease or the cost of the lease reflects the fact that the purchase option will be exercised. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are calculated using the same depreciation requirements as those for the relevant intangible assets or property, plant and equipment. Furthermore, the right-of-use asset is recognised net of any impairment losses on the cash-generating unit (CGU) to which it has been allocated and is adjusted to reflect the remeasurement of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method and is remeasured whenever there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, a change in the amount that the group expects to be payable under a residual value guarantee or when the group changes its assessment of an option to purchase the underlying asset or extend or terminate the lease. If the lease liability is remeasured, the group adjusts the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, any remaining amount is recognised in profit or loss.

In the statement of financial position, the group includes right-of-use assets within the same captions as that within which the corresponding assets would be presented if they were owned, and the lease liabilities in other financial liabilities. In the income statement, interest expense on the lease liability is a component of financial expense and is presented separately from the depreciation charge for the right-of-use asset.

The group has opted not to recognise the right-of-use assets and lease liabilities for short-term leases (i.e., those with a term of 12 months or less) or leases for low-value assets (i.e., assets that, when new, are worth €5,000 or less and leases with a total contractual value of €5,000 or less). The group recognises the lease payments associated with these types of leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

As lessor, at the inception date of the lease, the group classifies each of its leases as a finance lease or an operating lease. In order to do so, it assesses, in general, whether the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. The group recognises lease payments from operating leases as income on either a straight-line basis or another systematic basis over the term of the lease.

With respect to subleases, as the intermediate lessor, the group classifies its share in the head lease separately from the sublease. In order to do so, it classifies the sublease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the group has recognised electing to apply the exception under IFRS 16, the sublease is classified as an operating lease. If a lessee subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

Applicable before 1 January 2019

The group continues to apply the measurement and recognition criteria of IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement contains a Lease to leases signed before 1 January 2019 (the FS Italiane group's initial application date for IFRS 16 Leases, in accordance with the requirements of the standard). Therefore, with respect to the comparative data at 31 December 2018, property, plant and equipment held under finance leases, through which the risks and rewards incidental to ownership are substantially transferred to the FS Italiane group, are recognised as assets of the FS Italiane group at their fair value on the date the lease was signed or, if lower, at the present value of minimum lease payments, including the amount to be paid to purchase the asset, if any. The corresponding liability to the lessor is recognised under financial liabilities. Assets are depreciated using the above rates and criteria, unless the term of the lease is below that of the useful life reflected by said rates and there is no reasonable certainty that ownership of the leased asset will be transferred at the natural expiry of the lease. In this case, depreciation reflects the lease term. Leases whereby the lessor substantially retains the risks and rewards associated to ownership of the assets are classified as operating leases. Operating lease costs are recognised on a straight-line basis in profit or loss over the term of the lease.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation rather than for sale in the ordinary course of business. Furthermore, investment property is not used in the production or supply of goods or services or for administrative purposes. The accounting policies applied to recognise this caption comply with those applied to "Property, plant and equipment" described earlier.

When a development project for the future sale of a property begins, the property is reclassified to inventories following its change in use. The carrying amount at the date of change in use is the property's cost for subsequent accounting under inventories and depreciation ceases.

Since 1 January 2018, the group companies have recognised reclassifications from/to "Investment property" applying IASB's amendments to IAS 40 endorsed by Regulation (EU) no. 400 of 14 March 2018. Consequently, these reclassifications are made only when there is evidence of a change in use in the property, considering that a change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance, that can be controlled and can generate future economic benefits. They are recognised at purchase and/or production cost, including any directly-attributable

expenses incurred to make the asset available for use, net of accumulated amortisation (except for intangible assets with an indefinite useful life) and impairment losses, if any. Interest expense, if any, that accrues during and for the development of intangible assets, is considered part of the purchase cost. Amortisation begins when the asset is available for use and is charged on a straight-line basis over its estimated useful life. Specifically, the FS Italiane group has the following main intangible assets:

a) Concessions, licenses and trademarks

They are amortised on a straight-line basis over their term.

Costs of software licences, including any expenses incurred to make the software available for use, are amortised on a straight-line basis and on the basis of the licence term.

Any costs relating to software maintenance are expensed when incurred.

b) Industrial patents and intellectual property rights

They are amortised on a straight-line basis over their useful life.

c) Goodwill

Goodwill is the difference between the cost incurred to acquire an asset and the fair value of the related identifiable assets and liabilities acquired. It is classified as an asset with an indefinite useful life and, consequently, is not amortised on a straight-line basis, but tested for impairment at least every year to identify any impairment losses. Impairment losses on goodwill are not reversed.

d) Research and development expenditure

Research expenditure is recognised in profit or loss when incurred, while development expenditure is recognised under intangible assets when all the following conditions are met:

- the project is clearly identified and any costs referred thereto are identifiable and can be measured reliably;
- the technical feasibility of completing the project can be demonstrated;
- the intention to complete the project and to sell the generated intangible assets can be demonstrated;
- there is a potential market or, in case of internal use, it is demonstrated that the intangible asset is useful for the production of the intangible assets generated by the project;
- technical and financial resources are available which are necessary to complete the project.

The amortisation of development expenditure, if any, recognised under intangible assets begins from the date when the result generated by the project can be used and is carried out in a period of five years.

If the research phase of an identified internal project to create an intangible asset cannot be distinguished from the development phase, the expenditure on that project is fully charged to profit or loss as if it had been incurred in the research phase only.

The gain or loss arising from the derecognition of an intangible asset is equal to the difference between the net disposal proceeds and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised.

Service concession arrangements

Service concession arrangements, where the grantor is a public sector entity and the operator is a private sector entity (public-to-private) fall under the scope of IFRIC 12 only when the requirements for service regulation and control of the

residual interest are met. This interpretation is applied when the infrastructure is essential to provide the public with services and the arrangement establishes that the grantor:

- controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- controls - through ownership or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

The group does not recognise infrastructure for concessions under the scope of IFRIC 12 as property, plant and equipment but rather recognises at fair value either alternatively or jointly: the intangible asset, if the operator has the right to charge users of the public service for the construction or upgrading of the infrastructure; and the financial asset when its construction or upgrade generate an unconditional contractual right to receive cash from or at the direction of the grantor and the grantor has little, if any, discretion to avoid payment. The operator recognises revenue and costs in line with the contractual terms and the stage of completion as provided by construction contracts. Revenue from the prices paid by users continues to be recognised in line with that set out in the subsequent paragraph on revenue recognition. Any intangible assets are amortised over the concession term using a method that reflects the estimated consumption of the economic benefits embedded in the right and the manner of consumption. Accordingly, amortisation is calculated considering the concession term. Provisions for concession commitments include accruals made for the operator's obligation to restore the infrastructure to a specified condition or replace the infrastructure to return it to its normal state of use. They are made when the concession arrangement includes these obligations and the grantor does not receive additional financial benefits.

Impairment losses on intangible assets and property, plant and equipment

a) Intangible assets and property, plant and equipment with a finite useful life

At each reporting date, a test is carried out to check if there is any evidence that property, plant and equipment and intangible assets may be impaired. For this purpose, account is taken of both external and internal sources of information. With respect to internal sources of information, the following must be considered: the obsolescence of or physical wear and tear of the asset, significant changes, if any, in the use of the asset and the economic performance of the asset with respect to expectations. As regards external sources of information, the following must be considered: the trend in the market prices of the assets, negative changes, if any, in technology, markets or laws, the trend in market interest rates or in the cost of capital used to measure investments.

If any such indication exists, the group estimates the recoverable amount of the asset, recognising the impairment loss in profit or loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use, i.e., the present value of the future cash flows expected to be derived from the asset. The cash flows consider the overall financial performance and the relevant sector, the cash flows generated by the CGU in the past few years and the expected growth rates. In calculating value in use, the expected future cash flows are discounted using a discount rate which reflects the time value of money, compared to the investment period and risks specific to the asset. The recoverable amount of an asset that does not generate largely independent cash flows is calculated in relation to the cash-generating unit to which this asset belongs.

Impairment losses are recognised in profit or loss when the carrying amount of the asset, or of the related cash-generating unit to which the asset is allocated, exceeds its recoverable amount. Impairment losses on cash-generating units are first allocated to reduce the carrying amount of the goodwill, if any, allocated to the cash-generating unit and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit and within the limits of the related recoverable amount. If the reasons for a previously recognised impairment loss no longer apply, the carrying amount of

the asset is reversed in profit or loss without exceeding the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years and had the related amortisation or depreciation been charged.

b) Goodwill and intangible assets not yet available for use

The recoverable amount of goodwill and intangible assets not yet available for use is tested for impairment every year or more frequently if there is an indication that the asset may be impaired. However, should the reasons behind the impairment loss cease to exist, the original amount of goodwill is not reversed.

For impairment test purposes, goodwill acquired in a business combination is allocated to individual cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the combination, in line with the minimum level at which goodwill is monitored within the group. Goodwill related to unconsolidated subsidiaries or associates is included in the carrying amount of the equity investment.

Financial instruments

Classification and measurement of financial assets

The group's financial assets are classified and measured considering both the business model used to manage such assets and the characteristics of their cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The group performs SPPI (Solely Payment of Principal and Interest) tests on each instrument to determine whether these contractual cash flows are solely payments of principal and interest (in which case the SPPI test is passed).

Financial assets are classified in one of the following categories at initial recognition:

- at amortised cost (AC)
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVTPL)

a) Financial assets measured at amortised cost

This category includes all financial assets that meet both of the following conditions:

- the financial asset is held solely to collect contractual cash flows (HTC - Held To Collect -business model); and
- the contractual cash flows are solely payments of principal and interest (SPPI test passed).

In this category, financial instruments are initially recognised at fair value, inclusive of transaction costs, and subsequently measured at amortised cost. Interest, calculated using the effective interest method, impairment losses (impairment gains), exchange gains (losses) and gains (losses) on derecognition are recognised in profit or loss.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

This category includes all financial assets that meet both of the following conditions:

- the asset is held to collect not only contractual cash flows but also the cash flows generated from its sale (HTC&S model); and
- the contractual cash flows are solely payments of principal and interest (SPPI test passed).

In this category, the financial assets are initially measured at fair value, inclusive of transaction costs. Interest (calculated using the effective interest method), impairment losses (impairment gains), exchange gains (losses) and gains (losses) on

derecognition are recognised in profit or loss. Other fair value gains or losses are recognised in OCI. Upon derecognition, all cumulative gains or losses previously recognised in OCI will be reclassified to profit or loss.

c) Financial assets at fair value through profit or loss (FVTPL)

This category includes all financial assets not classified as measured at amortised cost or fair value through other comprehensive income.

Financial instruments classified under this category are initially and subsequently measured at fair value. Transaction costs and fair value gains and losses are recognised in profit or loss.

Classification and measurement of financial liabilities

Loans and borrowings, trade payables and other financial liabilities are initially recognised at fair value, net of directly-attributable costs, and are subsequently measured at amortised cost, applying the effective interest method. When there is a change in the estimated expected cash flows, the carrying amount of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the effective internal rate as initially determined. Loans and borrowings, trade receivables and other financial liabilities are classified under current liabilities, except for those with a contractual term of more than twelve months after the reporting date and those for which the group has an unconditional right to defer their settlement for at least twelve months after the reporting date. Loans and borrowings, trade receivables and other financial liabilities are derecognised when repaid and when the group has transferred all risks and charges related to the instrument.

Classification and measurement of derivatives

The group has opted to continue applying hedge accounting to derivatives, as permitted by IAS 39 until the IASB completes the macro-hedging project to simplify the accounting treatment of hedges.

The group uses derivatives as part of its hedging strategies to mitigate the risk of fair value gains or losses on recognised assets or liabilities or firm commitments (fair value hedges) or changes in cash flows expected from firm commitments or highly probable transactions (cash flow hedges). Reference should be made to note 27 for details on the recognition of currency risk hedges on long-term contracts. The effectiveness of hedges is documented and tested since the inception of the transaction which is periodically (at least at each annual or interim reporting date) measured by comparing the fair value gains or losses on the hedge to those on the hedged item (dollar offset ratio) or, with respect to more complex financial instruments, through statistical analyses based on risk changes.

Fair value hedges: fair value gains or losses on derivatives designated as fair value hedges and which qualify as such are recognised in profit or loss, similarly to fair value gains or losses on hedged assets or liabilities attributable to the hedged risk.

Cash flow hedges: fair value gains or losses on derivatives designated as cash flow hedges and which qualify as such are recognised, only to the extent of the effective portion, in other comprehensive income in the hedging reserve. They are subsequently reclassified to profit or loss when the underlying hedged item affects profit or loss. Fair value gains or losses related to the ineffective portion are immediately recognised in profit or loss. Should the underlying transaction no longer be considered highly probable, the related portion of the hedging reserve is immediately reclassified to profit or loss. Conversely, should the derivative be sold, expire or no longer qualify as an effective hedge of the risk for which the transaction was created, the related portion of the hedging reserve is maintained until the underlying item affects profit or loss. Recognition of the hedge as a cash flow hedge is discontinued prospectively.

Subsequent measurement: impairment losses

The group applies the expected credit loss (ECL) model to determine impairment losses, which entails a significant assessment level of the impact of the changes in economic factors on the ECL, which are probability-weighted.

Loss allowances are measured using the general deterioration method and the simplified approach. Specifically:

- under the general deterioration method, the financial instruments are to be classified in three stages which reflect the level of deterioration from the moment the financial instrument is acquired and provide for a different ECL calculation method;
- under the simplified approach, some simplifications may be applied to trade receivables, contract assets and lease assets so that the entities are not required to monitor credit risk changes, as required instead by the general approach. Under the simplified approach, lifetime expected credit losses are recognised, therefore, no stage allocation is necessary. Losses are calculated over the residual life of the asset or receivable, which does not generally exceed 12 months.

As mentioned earlier, when the General deterioration method applies, financial instruments are classified into three stages based on the deterioration of credit quality between initial recognition and the measurement date:

- *Stage 1*: includes all financial assets under assessment on the date of initial recognition regardless of qualitative indicators (e.g., ratings) and except for situations with objective evidence of impairment. Upon subsequent measurement, all financial instruments whose credit risk has not increased significantly since the date of initial recognition or whose credit risk at the reporting date is low, remain in Stage 1. For these exposures, 12-month ECL are provided for that represent the ECL that result from default events that are possible within the 12-months after the reporting date. Interest on Stage 1 financial instruments is calculated on the gross carrying amount (without deducting the loss allowance);
- *Stage 2*: includes the financial instruments whose credit risk has increased significantly since the date of initial recognition, which, however, do not show objective evidence of impairment. For these assets, only lifetime ECL are provided for, i.e., ECL that result from all possible default events over the expected life of a financial instrument. Interest on Stage 2 financial instruments is calculated on the gross carrying amount (without deducting the loss allowance);
- *Stage 3*: includes financial assets with objective evidence of impairment at the reporting date. For these assets, only lifetime ECL are provided for, i.e., ECL that result from all possible default events over the expected life of a financial instrument.

In order to identify the methodological approach to be applied to the assets that are in the scope of the impairment requirements and, specifically, the correct probability of default, the group defined a conventional cluster segmentation based on counterparty and credit risk:

- Public administration: all loans and receivables with the government, regions, provinces, municipalities, the EU or related bodies;
- Intragroup: all loans and receivables with subsidiaries;
- Deposits: all deposits with banks;
- Amounts from third parties: loans and receivables other than those above, with non-financial companies, producers and consumers.

Furthermore, the group opted to apply the low credit risk exemption allowed by IFRS 9 to assets other than trade receivables with Investment Grade rating between AAA and BBB-. Accordingly, there is no stage allocation: in fact these assets are directly allocated to Stage 1 with a one-year provision.

Therefore, the application of the impairment model entails the following steps:

- separation between loans and trade receivables: this distinction isolates the scope of the assets subject to the stage allocation criteria, i.e., all loans. Conversely, these criteria do not apply to trade receivables following the application of the simplified approach whereby expected credit losses are always classified on a lifetime basis;
- calculation of expected credit losses - Loans: the expected credit loss is calculated for each cluster, once the relevant stage has been identified;
- calculation of expected credit losses - trade receivables: for each cluster, trade receivables are broken down by due date (specifically, falling due, past due up to one year, past due up to two years, past due by more than two years). The expected credit losses are then calculated accordingly.

The impairment of financial assets is calculated based on public providers' information to determine the probability of default (PD), applying a loss given default which is in line with the scenario analysed as part of the most comparable competitors and considering the supervisory bodies' recommendations for entities with listed financial instruments. The exposure at default usually coincides with the carrying amount of the financial asset, except when lifetime ECL apply, in which case, the repayment plan and instalments of the loan asset at the maturity dates are considered.

Fair value estimates

The fair value of instruments quoted on an active market is calculated based on the bid price at the reporting date, while that of instruments not quoted on an active market is determined using financial valuation techniques: specifically, the fair value of interest rate swaps is measured by discounting expected cash flows, while that of currency forwards considers closing rates and the expected differentials of the relevant currencies. Financial assets and financial liabilities measured at fair value are classified using the following three levels of the fair value hierarchy, based on the relevance of the inputs used to determine fair value. Specifically:

- Level 1: financial assets and financial liabilities whose fair value is calculated based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date;
- Level 2: financial assets and financial liabilities whose fair value is calculated based on inputs other than quoted prices included within Level 1 that are observable directly or indirectly;
- Level 3: financial assets and financial liabilities whose fair value is calculated based on unobservable inputs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and available bank deposits and any other forms of short-term investment, with an initial maturity of three months or less, net of impairment losses calculated in accordance with IFRS 9. At the reporting date, current account overdrafts are classified in the statement of financial position as loans and borrowings under current liabilities.

Inventories

Inventories are recognised at the lower of purchase and/or production cost and net realisable value. Cost is calculated using the weighted average cost method.

The net realisable value of finished products and property is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of raw materials, consumables and supplies is replacement cost.

Purchase cost includes additional charges, while production cost comprises directly-attributable costs and a portion of indirect costs that are reasonably attributable to the products.

Obsolete and/or slow-moving inventories are written down to reflect their estimated possible use or future sale, through the recognition of a specific allowance for inventory write-down. The write-down is derecognised in subsequent years if the reasons therefor no longer apply.

Properties held for trading are recognised under this caption at the lower of purchase cost and fair value, calculated by an independent appraiser. They are recognised net of the allowance for inventory write-down, while costs that enhance the assets are capitalised. The write-down is reversed in subsequent years if the reasons therefor cease to exist.

Employee benefits

Short-term benefits comprise wages, salaries, related social security contributions, holidays paid and incentives paid out in the form of bonuses payable in the twelve months after the reporting date. These benefits are accounted for as personnel expense components in the period in which the employees provide their service.

Post-employment benefits and other employee benefits

The companies of the FS Italiane group have both defined benefit and defined contribution plans in place. The defined contribution plans are managed by third-party fund managers, in relation to which there are no legal or any other obligations to pay additional contributions if the fund does not have sufficient assets to meet the commitments with employees. With respect to the defined contribution plans, the FS Italiane group pays contributions, either voluntarily or as required by contract, into public and private insurance pension funds. Contributions are recognised as personnel expense on an accruals basis. Advance payments for contributions are recognised as an asset that will be repaid or offset against future payments, if due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. Under defined benefit plans, the amount of the benefit to be paid to the employee can be quantified only after the termination of the employment relationship, and is linked to one or more factors, such as age, years of service and remuneration. Therefore, defined benefit obligations are determined by an independent actuary using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to that of (high-quality corporate) bonds issued in the foreign currency in which the liability will be settled and that takes account of the term of the related pension plan. Actuarial gains and losses are fully recognised in equity in the relevant year, taking account of the related deferred tax effect.

Specifically, the FS Italiane group manages a defined benefit plan that consists of post-employment benefits (Italian "TFR"). Italian companies are required to accrue a provision pursuant to article 2120 of the Italian Civil Code, which is treated as deferred remuneration and is based on employees' duration of service and the remuneration they receive during that time. Starting from 1 January 2007, Law no. 296 of 27 December 2006 (the "2007 Finance Act") and subsequent decrees and

regulations introduced significant amendments to TFR regulations, including the employees' right to choose to transfer the TFR being accrued either to supplementary pension funds or to the "Treasury Fund" managed by INPS (the Italian Social Security Institute). Consequently, the obligation to INPS and the contributions paid into supplementary pension funds are now treated, pursuant to IAS 19 Employee benefits, as defined contribution plans, while the amounts recognised under post-employment benefits at 1 January 2007 are still treated as defined benefit plans.

Some FS Italiane group companies also have a defined benefit pension plan in place, the "Free Travel Card" (Carta di Libera Circolazione, CLC) that gives current and retired employees and their relatives, the right to use – free of charge or, in some cases, for an admission fee – the trains managed by Trenitalia.

Consequently, in accordance with the above-mentioned actuarial techniques, a provision is recognised which reflects the discounted charge for retired employees entitled to benefits, and the benefits accrued for employees in force to be disbursed at the end of the employment.

The same accounting treatment is applied to the Free Travel Card benefits and the effects arising from actuarial gains and losses as for post-employment benefits.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount and/or due date is unknown at the reporting date. A provision is recognised when there is a present obligation (legal or constructive), as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation. The discount rate used to determine the present value of the liability reflects current market values and considers the risk specific to each liability.

Where the effect of the time value of money is material and the settlement dates of obligations can be estimated reliably, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the time value of money is recognised as interest expense.

Risks for which a liability is only possible are disclosed in the specific section on contingent liabilities without accruing any provisions.

Revenue from contracts with customers

Initial recognition and subsequent measurement

The group recognises revenue in order to depict the transfer of the promised goods and/or services to customers in an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. Revenue is recognised using the five step model, which entails: i) identifying the contract with the customer, ii) identifying the performance obligations in the contract, iii) determine the transaction price, iv) allocate the transaction price to the performance obligations in the contract and v) recognising revenue.

Revenue is measured considering the contract terms and the commercial practices usually applied to transactions with customers. The transaction price is the amount of consideration (which may include fixed amounts, variable amounts, or both) to which the group expects to be entitled in exchange for transferring promised goods or services to a customer. Control refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset (good/service). The total consideration of contracts for the provision of services is allocated among all services based on the selling prices of the related services as if they had been sold separately. For each contract, the reference element for

the recognition of revenue is the single performance obligation. For each performance obligation, the group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For performance obligations satisfied over time, revenue is recognised over time, assessing the progress towards complete satisfaction of the performance obligation at each reporting date. The group measures progress in accordance with an input method (cost-to-cost method). Accordingly, revenue is recognised based on the inputs used to satisfy the obligation up to the reporting date, compared to the total inputs assumed to satisfy the entire obligation. When the inputs are distributed consistently over time, the group recognises the corresponding revenue on a straight-line basis. In some circumstances, when the group is unable to reasonably measure the outcome of a performance obligation, revenue is recognised only to the extent of the costs incurred. The nature and timing of performance obligations and the significant terms for the satisfaction of performance obligations are summarised below for the group's main contracts with customers:

a) Revenue from transport services

Revenue from transport services arises from passenger and freight transport in Italy and abroad. This caption includes revenue from commercial services (e.g., high speed services) and public service contract fees (MIT, the regions, etc.).

Revenue from rail/road transport services is governed by the General terms of transport applicable to several types of services: regional or long haul throughout Italy. Revenue from freight transport services, both rail and road, are governed by specific contracts agreed with the customer which generally provide for free at destination deliveries. The contract with customers generally coincides with their ticket which also grants access to a number of services (e.g., transport, lounge, complementary drink, wi-fi, etc.). However, these services are considered as a single performance obligation which customers may benefit from, except for reward points. Freight transport services are governed by standard contracts which substantially provide for the obligation to transport the goods to destination.

Revenue is recognised from the moment the customer starts using the service. In the case of partial services (delays, cancellations, etc.), the current terms and conditions provide for reimbursements and bonuses which are recognised as a direct adjustment to revenue. During the year, the group companies offer discounts and promotions to enhance customer loyalty. Reward points, which entitle customers to buy the group's products in the future, qualify as a performance obligation and their amount has never been significant. Revenue is recognised as the reward points are redeemed or expired. Because of the nature of the business, amounts are collected in advance. However, the timing of this advance does not have a significant impact.

Since customers enjoy the benefits at the time of their transfer, revenue is recognised over time.

Revenue from public transport services consists of revenue from the rail transport services governed by the long-term service contracts signed with the regions, autonomous provinces and the ministries (MIT and MEF) for local and national rail transport services covered by a public service arrangement, and also includes regional services and day and night intercity trains.

The transport services are performance obligations. Revenue is recognised on an accruals basis in accordance with the contract. If the contractually-agreed services are not provided in the agreed quantities (e.g., cancellations), the contract provides for adjustments to the consideration. It also provides for penalties when quality targets (delays, cleanliness, etc.) are not met. In this respect, an estimate is made and an accrual is recognised in the risk provision to be used when the adjustments are finalised. Since customers enjoy the benefits at the time of their transfer, revenue is recognised over time.

b) Revenue from infrastructure services

Revenue from infrastructure services related to the rail/road/motorway infrastructure arises from management of this infrastructure. This caption includes revenue from fees, service concession arrangements and, to a lesser extent, revenue from ferrying services. This is the amount paid by railway companies to use the train paths necessary to carry out the long

and short haul domestic passenger rail transport and for freight transport. Therefore, only one performance obligation exists. Revenue is recognised over time based on contract amounts; every quarter, it is adjusted to reflect the actual number of trains in operation. This figure is calculated for each train by pricing the train paths under the contract and those actually used by each railway company. With respect to road infrastructure, tolls are the amount paid by third-party companies assigned road and motorway construction, operation and maintenance under specific concession arrangements. A single performance obligation is identified. The price is set by the law and is equal to a percentage of the net proceeds from tolls received from operators. Revenue is recognised over time.

Variable consideration

If the consideration promised in a contract includes a variable amount (e.g., because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or because the consideration is contingent on the occurrence or non-occurrence of a future event), an entity shall estimate the amount of consideration to which the entity will be entitled. The group companies estimate variable considerations consistently for similar items, using the expected value or the most likely amount method. They subsequently include in the transaction price the amount of variable consideration estimated, only to the extent that it is highly probable.

Existence of a significant financing component

When a significant financing component exists, revenue is adjusted, both when companies are financed by their customer (advance collection) and when they finance it (deferred collection). The existence of a significant financing component is identified when the contract is signed by comparing expected revenue against the payments to be received. It is not recognised if the period between when the entity transfers a promised good or service and when the customer pays for that good or service is one year or less.

Incremental costs of obtaining a contract and costs to fulfil a contract

The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission), which it expects to recover. Conversely, if no contract is obtained, they are recognised provided that they are explicitly chargeable to the customer. An entity recognises the costs incurred to fulfil a contract only when they relate directly to a contract, generate or enhance resources that will be used in satisfying performance obligations in the future and are expected to be recovered.

Government grants

Government grants, when formally assigned and, in any case, when the right to their disbursement is deemed definitive as it is reasonably certain that the FS Italiane group will comply with any conditions attached to the grant and that the grants will be received, are recognised on an accruals basis in direct correlation with the costs incurred.

a) Grants related to assets

They refer to amounts paid by the government and other public authorities to the FS Italiane group for the implementation of initiatives aimed at the construction, reconditioning and expansion of property, plant and equipment. They are recognised as a direct reduction in the cost of the assets to which they refer and decrease the depreciation rates.

b) Grants related to income

They refer to amounts paid by the government or other public authorities to the FS Italiane group to offset costs and charges incurred. They are recognised under "Revenue from sales and services" and "Other income", as a positive component of income.

Dividends

They are recognised in profit or loss when the shareholders' right to receive payment thereof arises. The latter usually coincides with the shareholders' resolution approving dividend distribution.

Dividends distributed to Ferrovie dello Stato Italiane S.p.A.'s shareholders are presented as a change in equity and recognised under liabilities when their distribution is approved by the shareholders.

Cost recognition

Costs are recognised when they relate to goods and services acquired or consumed in the year or by systematic allocation.

Income taxes

Current taxes are calculated based on estimated taxable profit and in accordance with ruling tax legislation.

Deferred tax assets, related to prior tax losses, are recognised when it is probable that future taxable profit will be available against which these losses can be recovered. Deferred tax assets and liabilities are calculated using the tax rates that are expected to be applied in the years in which the differences will be realised or settled.

Current taxes, deferred tax assets and liabilities are recognised in profit or loss, except for those relating to items recognised under other comprehensive income and directly taken to equity. In the latter cases, deferred tax liabilities are recognised under the "Tax effect" caption related to the other comprehensive income or directly in equity, respectively. Deferred tax assets and liabilities are offset when they are levied by the same tax authorities, there is a legally enforceable right to set off the recognised amounts and a settlement on a net basis is expected.

Taxes other than income taxes, such as indirect taxes and duties, are included in profit or loss under "Other operating costs".

Assets and liabilities held for sale and disposal groups

Non-current assets and liabilities (or disposal groups) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are classified as held for sale and recognised separately from any other assets and liabilities in the statement of financial position. The corresponding prior year statement of financial position figures are not reclassified. A discontinued operation is a component of the company that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- or
- is a subsidiary acquired exclusively with a view to resale.

Profits or losses of discontinued operations – either disposed of or classified as held for sale and being divested – are recognised separately in profit or loss, net of tax effects. Prior year corresponding figures, where present, are reclassified and presented separately in the separate income statement, net of tax effects, for comparative purposes. Non-current assets and liabilities (or disposal groups) classified as held for sale, are firstly recognised in accordance with the specific standard applicable to each asset and liability and, subsequently, are recognised at the lower of carrying amount and fair value, less costs to sell. Subsequent impairment losses are recognised directly as an adjustment to non-current assets (or disposal groups) classified as held for sale through profit or loss.

Impairment losses are reversed for any subsequent increase in fair value less costs to sell of an asset, and may not exceed the cumulative impairment loss that has been previously recognised.

New standards

First-time adoption of standards, amendments and interpretations

The following new standards are effective for annual periods beginning on after 1 January 2021.

Covid-19-related rent concessions beyond 30 June 2021 (amendments to IFRS 16)

On 31 March 2021, the IASB issued Covid-19-related rent concessions beyond 30 June 2021 (amendments to IFRS 16) that extends, by one year, the 2020 amendment related to the recognition of rent concessions because of Covid-19. The amendment is effective for annual reporting periods beginning on or after 1 April 2021. The application of this amendment had no impact on these consolidated financial statements.

Amendments to IFRS 3, IAS 16, IAS 37, Annual improvements 2018-2020

On 14 May 2020, the IASB issued amendments to the following standards:

- **IFRS 3 Business combinations:** the amendment updates IFRS 3 so that it refers to the revised Conceptual framework, without affecting the provisions of this standard;
- **IAS 16 Property, plant and equipment:** the amendment prohibits a company deducting from the cost of an item of PPE any proceeds from selling items produced while making that item of PPE available for its intended use. Consequently, a company would recognise such sales proceeds directly in profit or loss.;
- **IAS 37 Provisions, contingent liabilities and contingent assets:** the amendment clarifies what is included as the cost of fulfilling a contract when assessing whether a contract is onerous;
- **Annual Improvements 2018-2020:** the amendments refer to IFRS 1 First-time adoption of International Financial Reporting Standards, IFRS 9 Financial instruments, IAS 41 Agriculture and the illustrative examples accompanying IFRS 16 Leases.

The amendments are all effective for annual periods beginning on or after 1 January 2022. Any impacts thereof are currently being assessed.

Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39 Interest Rate Benchmark Reform—Phase 2

On 27 August 2020, the IASB issued amendments to IFRS 4 Insurance contracts, IFRS 7 Financial instruments: disclosures, IFRS 9 Financial instruments, IFRS 16 Leases, IAS 39 Financial instruments: recognition and measurement. The European Commission endorsed the amendments with Regulation (EC) no. 25/2021 of 13 January 2021. The companies shall apply the amendments, at the latest, as from the commencement date of its first year starting on or after 1 January 2021. Given their nature, these amendments, where applicable, had no material impacts on these financial statements.

Standards, amendments and interpretations not yet endorsed by the European Union

Classification of liabilities as current or non-current — Deferral of effective date (amendment to IAS 1)

On 23 January 2020, the IASB issued amendments to IAS 1 Presentation of financial statements: classification of liabilities as current or non-current which clarify how to classify liabilities as current or non-current.

The amendments were initially meant to go into force as from 1 January 2022, but the IASB postponed the effective date to 1 January 2023 with the issue of a second document on 15 June 2020.

Amendments to IAS 1 Presentation of financial statements and IFRS practice statement 2: disclosure of accounting policies and Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: definition of accounting estimates

On 12 February 2021, the IASB issued amendments to the following standards:

- Disclosure of accounting policies - amendments to IAS 1 and IFRS practice statement 2;
- Definition of accounting estimates - amendments to IAS 8.

The amendments improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and distinguish changes in accounting estimates from changes in accounting policies.

These amendments are effective from 1 January 2023.

Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

On 7 May 2021, the IASB issued amendments to IAS 12 Income taxes clarifying how companies should account for deferred tax on certain transactions such as leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

Effects of the initial application of the amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39 Interest Rate Benchmark Reform—Phase 2

Following the Financial Conduct Authority (FCA) announcement on the cessation of the publication of the 35 LIBOR (London InterBank Offer Rate) benchmark settings, with effect from 1 January 2022, the benchmark settings relating to some major international currencies, including the pound sterling, will no longer be published by the ICE provider.

For the purposes of preparing the 2021 annual report, it is noted that, at 31 December 2021, at a consolidated level, the interest rate benchmark reform had no impact on assets or liabilities.

Almost all the financial transactions involving the FS Italiane group companies are expressed in euros and variable rate loans are indexed to EURIBOR rates (not affected by the above reform). FS Italiane and Trenitalia UK hold a few positions in pound sterling that are indexed to the GBP LIBOR rate.

Specifically:

- in 2017, FS Italiane S.p.A. used its liquidity to provide the indirect subsidiary Trenitalia UK with a GBP60 million loan in order to acquire NXET, now Trenitalia c2c. This intragroup loan, which matures on 31 December 2023, is indexed to the GBP LIBOR rate and will be amended in the first half of 2022, providing for the application of the same fallback rates that will be applied to the existing hedging instruments (see below).
- In 2017, FS Italiane S.p.A. negotiated two cross currency swaps (CCSs) for a total of GBP60 million in order to hedge the exposure to the currency risk generated by the above-mentioned loan. The two contracts provide for the payment

to the respective counterparties of the 6-month GBP LIBOR plus a spread (different for each contract) and the collection of the 6-month EURIBOR plus a fixed spread. The CCSs were negotiated based on FS Italiane S.p.A.'s ISDA master agreements which have already been amended by signing a specific ISDA Protocol (ISDA 2020 IBOR Fallback Protocol) that provides for the automatic replacement of the GBP LIBOR with specific fallback rates. As of 1 January 2022, the fallback rates calculated and published by Bloomberg will be automatically applied to the CCSs.

Consequently, the derivative hedging relationship will remain fully effective.

Use of estimates and judgements

In preparing the consolidated financial statements in accordance with IFRS, the directors applied standards and methods, which in some circumstances rely on difficult and subjective valuations and estimates based on past experience and on assumptions that are from time to time considered to be reasonable and realistic depending on the circumstances. Therefore, the actual amounts of certain financial statements captions calculated according to the above estimates and assumptions may differ in the future, even materially, from those reported in the financial statements, because of the uncertainty that characterises the assumptions and conditions on which the estimates are based - foremost the impact of the Covid-19 pandemic and the potential impacts arising from the worrying picture of the conflict between Russia and Ukraine, which is still unfolding and which could lead to widely disparate potential future scenarios with many different effects. Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in profit or loss when they affect the year only. If the revision affects both current and future years, the change is recognised in the year the revision is made and in the related future years.

Therefore, actual results may differ, even materially, from these estimates following possible changes in the factors considered in the determination of these estimates.

The following accounting policies require the most subjectivity from the directors in the preparation of estimates and would have a material impact on the financial figures if there were a change in the conditions underlying the assumptions used:

i) Impairment losses - non-financial assets

In accordance with the FS Italiane group's accounting policies, property, plant and equipment and intangible assets with a finite life are tested for impairment. Impairment losses are recognised when there is evidence that it will be difficult to recover the related carrying amount through the use of the asset. Impairment tests require the directors to make subjective valuations based on the information available within the group and in the market, as well as from past experience. Furthermore, when a potential impairment loss exists, the group calculates such loss using suitable valuation techniques. The correct identification of impairment indicators and the estimates for calculating them depend on factors that may vary over time, thus affecting valuations and estimates made by the directors.

ii) Impairment losses - financial assets

According to the group's impairment model, an expected loss is the sum of the expected losses that result from possible default events on a financial instrument over a specific time horizon; this results in the recognition of a loss using both past and present figures and forward looking information. The estimate of expected losses, especially when the financial assets are deteriorated or show objective evidence of impairment, requires the directors to make subjective valuations based on the information available within the group (e.g. the financial asset's estimated cash flows) and in the market, as well as from past experience. The correct identification of impairment indicators and the estimates for calculating them depend on factors that may vary over time, thus affecting valuations and estimates made by the directors.

iii) Extension/termination options in leases

Leases that contain extension/termination options require the directors to, at the inception of the lease, to assess whether it is reasonably certain to exercise an extension option or not to exercise a termination option, upon occurrence of either a significant event or a significant change in circumstances that is within the group's control. The assessment of extension options may require the directors to make subjective judgements based on the information available at the assessment date and past experience.

iv) Amortisation and depreciation

Amortisation and depreciation are a significant cost for the group. The cost of property, plant and equipment and intangible assets with a finite useful life and of investment property is depreciated and amortised, respectively, over the estimated useful lives of the assets, except for RFI S.p.A. which applies the production unit.

Calculating the amortisation/depreciation of these assets entails a complex accounting estimate that is, by its nature, subjective, as it is influenced by a number of factors, including:

- the estimated production volumes expressed as train-km for the railway infrastructure (for further details, see the paragraph on "RFI S.p.A.'s calculation of depreciation of property, plant and equipment");
- the identification of each component of rolling stock with a significant cost in proportion to the total cost of the item to be depreciated separately (component approach) and the estimated useful life (for further details, see the paragraph on "Trenitalia S.p.A.'s calculation of rolling stock depreciation");
- the estimated residual value. In accordance with IAS 16, 38 and 40, the depreciable cost of the railway infrastructure and rolling stock is calculated by subtracting their residual value. The residual value of an asset is the estimated amount that an entity could obtain at the time of disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of the concession or the useful life of the rolling stock. The subsidiaries RFI S.p.A. (which operates the railway infrastructure) and Trenitalia S.p.A. (which owns the rolling stock), periodically review the residual value of assets and measure their recoverability using the best information available at that date. Periodic updates may cause changes in the depreciation rate for future years;
- the impacts of any changes to the regulatory framework.

The directors determine the useful lives of the group's assets when the assets are purchased. They are based on past experience for similar assets, market conditions and forecasts concerning future events that may have an impact on the useful life. Therefore, the actual economic life may differ from the estimated useful life. The FS Italiane group assesses any technological and sector changes to update residual useful lives on a regular basis. These updates may entail a change in the amortisation and depreciation period and in the amortisation and depreciation rates of future years.

v) Provisions for risks and charges

Provisions are accrued against legal and tax risks which represent the risk of a negative outcome. The recognised provisions relating to these risks reflect the best estimate made by the directors at the reporting date. This estimate entails the adoption of assumptions that depend on factors which may vary over time and which may have significant effects compared to the current estimates made by the directors for the preparation of the FS Italiane group's consolidated financial statements.

vi) Taxes

Deferred tax assets are recognised based on the income expected in future years. The valuation of any expected income for the purposes of the recognition of deferred taxes depends on factors that may vary over time and determine significant effects on the measurement of deferred tax assets.

vii) Fair value of derivatives

The fair value of derivatives that are not quoted on active markets is measured using valuation techniques. The FS Italiane group applies valuation techniques that use inputs that can be observed in the market, either directly or indirectly, at the reporting date, and that are connected to the assets and liabilities being measured. Even if the estimates of the above fair values are considered reasonable, any possible changes in the estimate factors on which the calculation of the aforesaid amounts is based may generate different valuations.

7. Reporting by operating segment

The financial highlights of the group's operating segments for 2021 and 2020 are shown below:

millions of Euros

| 2021 | Transport | Infrastructure | Real Estate Services | Other Services | Adjustments and Inter-segment eliminations | FS Italiane group |
|---|----------------|----------------|----------------------|----------------|--|-------------------|
| Revenue from third parties | 6,747 | 4,933 | 73 | 24 | (11) | 11,766 |
| Inter-segment revenue | 281 | 1,253 | 44 | 601 | (1,791) | 388 |
| Revenue | 7,028 | 6,186 | 117 | 625 | (1,802) | 12,154 |
| Personnel expense | (2,409) | (2,210) | (5) | (162) | 22 | (4,764) |
| Other costs, net | (3,274) | (3,345) | (101) | (509) | 1,727 | (5,502) |
| Operating costs | (5,683) | (5,555) | (106) | (671) | 1,749 | (10,266) |
| Gross operating profit (loss) | 1,345 | 631 | 11 | (46) | (53) | 1,888 |
| Amortisation and depreciation | (1,258) | (293) | (10) | (55) | 22 | (1,594) |
| Impairment losses and provisions | (38) | (61) | (1) | (1) | | (101) |
| Operating profit (loss) | 49 | 277 | | (102) | (31) | 193 |
| Net financial income (expense) | 72 | 33 | | 60 | (151) | 14 |
| Income taxes | 11 | (9) | (2) | 20 | (34) | (14) |
| Segment profit (loss) (attributable to the owners of the parent and non-controlling interests) | 132 | 301 | (2) | (22) | (216) | 193 |

millions of Euros

| 31.12.2021 | Transport | Infrastructure | Real Estate Services | Other Services | Adjustments and Inter-segment eliminations | FS Italiane group |
|-----------------------------|---------------|----------------|----------------------|----------------|--|-------------------|
| Net invested capital | 11,940 | 37,026 | 1,434 | 447 | (410) | 50,437 |

millions of Euros

| 2020 | Transport | Infrastructure | Real Estate Services | Other Services | Adjustments and Inter-segment eliminations | FS Italiane group |
|---|----------------|----------------|----------------------|----------------|--|-------------------|
| Revenue from third parties | 5,967 | 4,367 | 64 | 66 | 13 | 10,477 |
| Inter-segment revenue | 291 | 889 | 42 | 533 | (1,395) | 360 |
| Revenue | 6,258 | 5,256 | 106 | 599 | (1,382) | 10,837 |
| Personnel expense | (2,277) | (2,014) | (5) | (156) | 20 | (4,432) |
| Other costs, net | (3,029) | (2,589) | (90) | (456) | 1,392 | (4,772) |
| Operating costs | (5,306) | (4,603) | (95) | (612) | 1,412 | (9,204) |
| Gross operating profit (loss) | 952 | 653 | 11 | (13) | 30 | 1,633 |
| Amortisation and depreciation | (1,268) | (296) | (9) | (50) | 19 | (1,604) |
| Impairment losses and accruals | (102) | (197) | (8) | 1 | (1) | (307) |
| Operating profit (loss) | (418) | 160 | (6) | (62) | 48 | (278) |
| Net financial income (expense) | (282) | (212) | 3 | 8 | 200 | (283) |
| Income taxes | 53 | (20) | (7) | 7 | (34) | (1) |
| Segment profit (loss) (attributable to the owners of the parent and non-controlling interests) | (647) | (72) | (10) | (47) | 214 | (562) |

millions of Euros

| 31.12.2020 | Transport | Infrastructure | Real Estate Services | Other Services | Adjustments and Inter-segment eliminations | FS Italiane group |
|-----------------------------|---------------|----------------|----------------------|----------------|--|-------------------|
| Net invested capital | 11,304 | 37,050 | 1,452 | 710 | (200) | 50,316 |

Reference should be made to the directors' report for information on the performance of the individual segments.

8. Revenue from sales and services (€11,747 million)

The table and comments below give a breakdown of changes in revenue from sales and services.

millions of Euros

| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
|--|---------------|---------------|--------------|---|---------------------------------|
| Revenue from transport services | 5,774 | 5,044 | 730 | | 730 |
| Passenger traffic products | 2,029 | 1,626 | 403 | | 403 |
| Freight traffic products | 796 | 763 | 33 | | 33 |
| Commercial revenue | 2,825 | 2,389 | 436 | | 436 |
| Public service contracts and other contracts | 401 | 397 | 4 | | 4 |
| Fees from the regions | 2,548 | 2,258 | 290 | | 290 |
| Service contract fees | 2,949 | 2,655 | 294 | | 294 |
| Revenue from infrastructure services | 3,054 | 2,522 | 532 | 108 | 640 |
| Other service revenue | 407 | 355 | 52 | | 52 |
| Revenue from contract work in progress | 43 | 109 | (66) | 49 | (17) |
| Total revenue from contracts with customers | 9,278 | 8,030 | 1,248 | 157 | 1,405 |
| Other revenue | 2,469 | 2,452 | 17 | | 17 |
| Total | 11,747 | 10,482 | 1,265 | 157 | 1,422 |

Revenue from contracts with customers rose by €1,405 million, net of the deconsolidation of the Sitaf group (€157 million).

Revenue from passenger traffic products grew by €403 million, partly due to the different period of time affected by the pandemic whereby, during the first 70 days of the first half of 2020, traffic volumes and the related revenue had not been affected by Covid-19. The increase in this revenue may be broken down as follows:

- medium- and long-haul transport revenue increased by €261 million, mainly due to the rise in revenue in the domestic market, both in its commercial (€207 million) and in its universal component (+€61 million), with demand volumes and saleable seats per km up, for both day and night services. However, the foreign market revenue decreased following the termination of night train connections and lower production of the day train connection on the French market (-€7 million);
- regional transport revenue increased by a total of €186 million mainly as a result of the growth in the domestic (+€130 million) and foreign markets (+€56 million, of which €43 million in Germany, €9 million in UK and €4 million in Greece), mainly driven by the easing and subsequent elimination of the travel bans imposed by the competent authorities to contain the Covid-19 public health emergency;
- revenue from road transport decreased by €44 million, mainly due to the Dutch market (-€38 million). This decrease should be read in conjunction with the rise in revenue from public service contracts (+€42 million), discussed below. The different presentation of revenue is due to the reinstatement, in 2021, of the standard contract terms governing

the Groningen Drenthe concession ("gross cost"), which had been temporarily suspended in 2020 and that had led to a different method of adjusting fees by the contractor.

Revenue from freight traffic products increased by €33 million mainly as a result of the gradual recovery of traffic in 2021 compared to 2020 both on the domestic (+€12 million) and the foreign markets (+€21 million).

Revenue from public service contracts increased by €294 million mainly as a result of the rise in the fees recorded by the regional transport sector following the performance of public service contracts (+€212 million), the reinstatement of the contract conditions governing the above-mentioned Groningen Drenthe concession on the Dutch market (+€42 million) and the increase in the fees paid by the contracting authorities on the German market (+€31 million).

The table below gives a breakdown of fees for public service contracts with the government:

| | millions of Euros | | |
|--|-------------------|------------|----------|
| | 2021 | 2020 | Changes |
| Rate and service obligations: for passenger transport | 348 | 345 | 3 |
| Total | 348 | 345 | 3 |

Revenue from infrastructure services, net of the effects of the deconsolidation of the Sitaf group (€108 million), increased by €640 million mainly as a result of the following:

- the rise in work on the road and motorway network under concession during the year (+€444 million) and in contract work in progress (+€10 million);
- the increase in revenue due to the rise in the integration of the annual fee (+€100 million) and the fee pursuant to paragraph 1020 of Law no. 296/2006 (+€1 million), resulting from the increase in motorway traffic compared to the previous year;
- the increase in the discounting effect on concession assets and contract advances (+€14 million);
- higher revenue from fees due to both the increase in traffic volumes during the year (+€20 million) and the reimbursement of the fees to access the HS/HC infrastructure borne by the railway companies as per ART decision no. 88/2021 for the 2014-2015 period (+€37 million), partly offset by the recognition of the adjustments provided for by ART decision no. 175/2021 in favour of companies operating under the open access regime for the 2018-2021 period, which provides for the recalculation of the charge for the minimal access to railway infrastructure applying to component B1 of the fee for passenger railway transport services in the Open Access International market segment the same rate level as that used for the same component in the National Open Access Basic market segment (-€4 million).

The €52 million increase in Other service revenue is mainly due to the following:

- an increase in revenue from services to railway companies and traffic-related services due to the sale of electrical energy for traction, linked to the greater volume of train-km travelled and the hike in energy prices (+€62 million), and the lower accruals recognised in 2021 compared to the previous year (+€18 million);
- the increase in revenue from land and buildings held for trading, following the rise in sales on 2020 (+€12 million);
- the €42 million decrease in sundry services mainly due to the progress of the Riyadh metro contract. The reduction is due to the redefinition of the assumptions underlying the project (mostly the additional costs and contingencies linked to the Covid-19 pandemic).

The €17 million decrease in revenue from contract work in progress, net of the effects of the deconsolidation of the Sitaf group (€49 million), is essentially due to the different progress of contract work between 2021 and 2020.

millions of Euros

| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
|---|--------------|--------------|-----------|---|---------------------------------|
| Leases | 127 | 124 | 3 | | 3 |
| Recharging of condominium expenses and income tax | 32 | 30 | 2 | | 2 |
| Sale of advertising spaces | 4 | 7 | (3) | | (3) |
| Revenue from property management | 163 | 161 | 2 | | 2 |
| Sundry revenue | 127 | 127 | | | |
| Revenue from grants | 2,179 | 2,164 | 15 | | 15 |
| Total | 2,469 | 2,452 | 17 | | 17 |

The €17 million increase in **Other revenue** is essentially due to revenue from grants.

The increase is mainly due to:

- the reduction in grants related to the road and motorway network, provided for last year pursuant to article 214 of Decree law no. 34 of 2020 (-€151 million), partly offset by the grants disbursed under Decree law nos. 73/2021 (+€30 million) and 4/2022, (+€66 million);
- the decrease in the grants disbursed by foreign governments to support businesses in order to contain the effects of the Covid-19 pandemic, compared to the previous year (-€39 million, of which: -€47 million in Germany, -€4 million in Greece, and partly offset by higher grants disbursed in the Netherlands (+€12 million));
- the decrease in the grants for the road transport sector (-€4 million) due, in part, to the lower amounts disbursed to support the sector following the effects of the Covid-19 pandemic (-€2 million);
- the increase in the grants for the railway infrastructure (+€80 million) following the difference between the total grants recognised in 2020 (Legislative decree no. 34/2020 and Government Programme Contract) and the total grants recognised in 2021 (Government Programme Contract, 2021 Budget Act and Legislative decree no. 73/2021);
- the increase in the grants to the rail transport sector (+€38 million) due to the net effect of greater grants for the long-haul sector following the EU decision dated 2 March 2022, which approved grants to compensate commercial service operators for the damage suffered between 1 July and 30 April 2021 caused by the Covid-19 pandemic (+€137 million), and lower additional grants to support regional passenger transport than those recognised in the previous year, for both 2020 and 2021, in connection with the economic and financial damage suffered in both years (-€103 million).

REVENUE BROKEN DOWN UNDER IFRS 15

In the table below, revenue from contracts with customers is broken down by geographical segment, product line and moment of recognition:

In millions of Euros

| | Transport | | Infrastructure | | Real estate | | Other services | | Total | |
|--|--------------|--------------|----------------|--------------|-------------|-----------|----------------|-----------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Geographical segment | | | | | | | | | | |
| Italy | 4,701 | 4,089 | 3,284 | 2,751 | 32 | 20 | 34 | 47 | 8,051 | 6,907 |
| Europe | 1,103 | 984 | 8 | 11 | | | | | 1,111 | 995 |
| Non-EU | 94 | 70 | 21 | 30 | | | 1 | 28 | 116 | 128 |
| Total revenue from contracts with customers | 5,898 | 5,143 | 3,313 | 2,792 | 32 | 20 | 35 | 75 | 9,278 | 8,030 |
| Product lines | | | | | | | | | | |
| Revenue from transport services | 5,747 | 5,022 | 26 | 22 | | | 1 | | 5,774 | 5,044 |
| · Commercial revenue | 2,799 | 2,367 | 26 | 22 | | | | | 2,825 | 2,389 |
| Passenger traffic products | 2,024 | 1,624 | 5 | 2 | | | | | 2,029 | 1,626 |
| Freight traffic products | 775 | 743 | 21 | 20 | | | | | 796 | 763 |
| · Revenue from public service contracts | 2,948 | 2,655 | | | | | 1 | | 2,949 | 2,655 |
| Public service contracts and other contracts | 400 | 397 | | | | | 1 | | 401 | 397 |
| Fees from the regions | 2,548 | 2,258 | | | | | | | 2,548 | 2,258 |
| Revenue from infrastructure services | 7 | 7 | 3,047 | 2,515 | | | | | 3,054 | 2,522 |
| Other service revenue | 138 | 102 | 203 | 158 | 32 | 20 | 34 | 75 | 407 | 355 |
| Revenue from contract work in progress | 6 | 12 | 37 | 97 | | | | | 43 | 109 |
| Total revenue from contracts with customers | 5,898 | 5,143 | 3,313 | 2,792 | 32 | 20 | 35 | 75 | 9,278 | 8,030 |
| Moment of recognition | | | | | | | | | | |
| At a point in time | 259 | 221 | 57 | 202 | 7 | 8 | | | 323 | 431 |
| Over time | 5,639 | 4,922 | 3,256 | 2,590 | 25 | 12 | 35 | 75 | 8,955 | 7,599 |
| Total revenue from contracts with customers | 5,898 | 5,143 | 3,313 | 2,792 | 32 | 20 | 35 | 75 | 9,278 | 8,030 |
| Total other revenue from sales and services | 854 | 876 | 1,572 | 1,531 | 42 | 45 | 1 | | 2,469 | 2,452 |
| Total revenue from sales and services | 6,751 | 6,020 | 4,886 | 4,322 | 74 | 65 | 36 | 75 | 11,747 | 10,482 |

CONTRACT ASSETS AND LIABILITIES

The table below provides information about contract assets and liabilities:

| | millions of Euros | |
|--|-------------------|------------|
| | 31.12.2021 | 31.12.2020 |
| Contract assets classified under "Current/non-current trade receivables" | 1,555 | 1,254 |
| Contract assets classified under "Other current assets/Non-current assets" | 48 | 19 |
| Other assets not included in the above categories | 3,150 | 3,304 |
| Contract assets | 1,194 | 950 |
| Contract liabilities | (55) | (38) |

BREAKDOWN OF CHANGES IN CONTRACT ASSETS AND LIABILITIES

The table below shows the significant changes in contract assets and liabilities for the year:

| | | millions of Euros | |
|--|--|------------------------|-----------------------------|
| | | 31.12.2021 | |
| | | Contract assets | Contract liabilities |
| Revenue recognised during the year which was included in the opening balance of "contract liabilities" | | | 29 |
| Increases in contract liabilities, net of the amounts recognised during the year | | | (46) |
| Reclassifications from "contract assets" recognised at the beginning of the year | | (406) | |
| Increases in contract assets due to the provision of services | | 685 | |
| Increases in contract assets due to changes in the assessment of the percentage of completion | | 6 | |
| Other changes | | (41) | |

The table below includes an ageing analysis of payments to be received in future years for assets that the group has given under operating lease:

| | | | | | | | | millions of Euros |
|---|-----------------|-----------|-----------|-----------|-----------|------------------|-------|-------------------|
| | Within one year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | After five years | Total | |
| Undiscounted payments to be received for operating leases | 219 | 223 | 218 | 221 | 221 | 223 | 1,325 | |

9. Other income (€407 million)

Net of the effects of the deconsolidation of the Sitaf group (€40 million), other income increased by €92 million, mainly as a result of the higher gains on the sale of materials that can no longer be used (+€45 million), the adjustments to some trade payables, which are time barred and no longer due, relating to prior years and calculated based on specific requests for confirmation of balances with suppliers (+€15 million), higher penalties arising from rolling stock purchase contracts (+€11 million) and the amounts paid by Reale Mutua Assicurazioni following the enforcement of the final guarantee, covering the costs of the damage suffered as a result of the breach of contract by a construction company (+€9 million).

10. Personnel expense (€4,764 million)

This caption may be analysed as follows:

| | millions of Euros | | | | |
|---|-------------------|--------------|------------|---|---------------------------------|
| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
| Wages and salaries | 3,419 | 3,189 | 230 | 21 | 251 |
| Social security charges | 842 | 823 | 19 | 7 | 26 |
| Other expense for employees | 25 | 56 | (31) | | (31) |
| Post-employment benefits | 199 | 199 | | 1 | 1 |
| Post-employment benefits/Free Travel Card service costs | | 8 | (8) | | (8) |
| Accruals/releases | 126 | 16 | 110 | | 110 |
| Employees | 4,611 | 4,291 | 320 | 30 | 350 |
| Wages and salaries | 7 | 5 | 2 | | 2 |
| Social security charges | | | | | |
| Other costs | | | | | |
| Consultants and freelancers | 7 | 5 | 2 | | 2 |
| Other costs | 146 | 136 | 10 | 4 | 14 |
| Total | 4,764 | 4,432 | 332 | 34 | 366 |

Net of the effects of the deconsolidation of the Sitaf group (€34 million), personnel expense increased by a total of €366 million.

Specifically, the increase in wages and salaries (+€251 million) is mainly due to the rise in fixed and ancillary remuneration related to the resumption of operations that had been severely restricted in the previous year due to the Covid-19 pandemic and to the increase in accrued but untaken holidays compared to the previous year, when accumulated holidays were used massively.

The increase in accruals/releases (+€110 million) is due, inter alia, to the rise in the accruals recognised in connection with a labour dispute.

The table below gives a breakdown of FS Italiane group's average number of employees by category:

| PERSONNEL | 2021 | 2020 | Changes |
|-----------------|---------------|---------------|--------------|
| Managers | 1,000 | 996 | 4 |
| Junior managers | 12,148 | 12,086 | 62 |
| Other | 68,217 | 68,756 | (539) |
| TOTAL | 81,365 | 81,838 | (473) |

11. Raw materials, consumables, supplies and goods (€1,582 million)

| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
|---|--------------|--------------|------------|---|---------------------------------|
| Raw materials and consumables | 962 | 926 | 36 | 10 | 46 |
| Electrical energy and fuel for traction | 502 | 280 | 222 | | 222 |
| Lighting and driving force | 94 | 54 | 40 | | 40 |
| Change in land and buildings held for trading | 21 | 15 | 6 | | 6 |
| Accruals/releases | 3 | 3 | | | |
| Total | 1,582 | 1,278 | 304 | 10 | 314 |

Net of the deconsolidation of the Sitaf group (€10 million), raw materials, consumables, supplies and goods increased by €314 million essentially as a result of the following:

- raw materials and consumables (+€46 million): the increase is mainly due to the higher consumption of materials covered by grants related to assets and income (+€99 million), partly offset by the decrease in inventory write-downs compared to the previous year (-€46 million);
- electrical energy and fuel for traction (+€222 million) and lighting and driving force (+€40 million) due to the significant increase in the cost of electricity, particularly from September 2021, and the recovery in rail traffic.

The increase in the change in land and buildings held for trading (+€6 million) is mainly due to the different carrying amounts of the assets sold during the year compared to those sold in the previous year. Reference should be made to note 33 for further details about the sales of the year.

12. Services (€5,418 million)

This caption can be analysed as follows:

millions of Euros

| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
|---|--------------|--------------|--------------|---|---------------------------------|
| Other transport-related services | 120 | 98 | 22 | | 22 |
| Tolls | 190 | 222 | (32) | | (32) |
| Shunting services | 27 | 28 | (1) | | (1) |
| Freight transport services | 311 | 306 | 5 | | 5 |
| Accruals/releases for transport services | | | | | |
| Transport services | 648 | 654 | (6) | | (6) |
| Contracted services and work | 44 | 55 | (11) | | (11) |
| Cleaning and other contracted services | 520 | 463 | 57 | | 57 |
| Maintenance and repair of intangible assets and property, plant and equipment | 904 | 776 | 128 | 6 | 134 |
| Accruals/releases for maintenance | | | | | |
| Ordinary maintenance on the road and motorway network | 273 | 228 | 45 | | 45 |
| Maintenance, cleaning and other contracted services | 1,741 | 1,522 | 219 | 6 | 225 |
| Property services and utilities | 110 | 97 | 13 | 3 | 16 |
| Administrative and IT services | 435 | 389 | 46 | | 46 |
| External communications and advertising expense | 43 | 34 | 9 | | 9 |
| Costs for new works and extraordinary maintenance of the road and motorway network | 1,847 | 1,406 | 441 | | 441 |
| Professional services and consultancies | 53 | 56 | (3) | 1 | (2) |
| Prize competitions and fees to other railway companies | 5 | 8 | (3) | | (3) |
| Insurance | 86 | 81 | 5 | 3 | 8 |
| Sleeping carriages and catering | 126 | 100 | 26 | | 26 |
| Agency fees | 46 | 39 | 7 | | 7 |
| Engineering services | 55 | 55 | | | |
| Other costs for services, accruals/releases | 23 | 97 | (74) | | (74) |
| Other | 200 | 262 | (62) | 63 | 1 |
| Other sundry services | 594 | 698 | (104) | 67 | (37) |
| Total | 5,418 | 4,800 | 618 | 76 | 694 |

Net of the effects of the deconsolidation of the Sitaf group (€76 million), the €694 million increase in services is mainly due to the combined effect of:

- higher costs for new works and non-recurring maintenance of the road and motorway network (+€441 million), closely related to the increase in revenue from infrastructure services;
- higher costs for ordinary maintenance on the road and motorway network (+€45 million);
- higher costs for the maintenance and repair of rolling stock and movable assets (+€134 million) related to the resumption of maintenance activities, which had slowed down considerably during the lockdown, thus requiring extraordinary measures to bring rolling stock back into service due to the lengthy downtime suffered;
- higher costs incurred for IT services and hardware and software maintenance services (+€46 million) relating to the various business areas;
- lower costs for transport-related services (-€6 million) mainly due to the reduction in access fees on the foreign market as a result of support measures in the various countries in which the group operates (-€35 million), partly offset by the higher costs related to road transport (+€22 million) and the increase in costs for freight transport services (+€5 million) due to the gradual recovery in traffic compared with the previous year;
- higher cleaning costs due to the increased sanitisation carried out on both trains and plants following the Covid-19 pandemic and the contract costs relating to cleaning and waste disposal (+€57 million);
- higher costs for on-board catering and accommodation services (+€25 million) related to the resumption of supply after the Covid-19 pandemic disruption;
- higher reclamation costs for the Milan shunting plant in excess of available funds (+€14 million);
- lower costs for services and contract services to third parties due to the slowdown in works for the construction of the Palermo metro rail (-€10 million);
- higher utility costs (+€16 million);
- higher costs for external communication services (+€8 million);
- higher agency fees (+€8 million) due to the increase in revenue from the sale of tickets;
- lower accruals (-€74 million) mainly related to the effect of the recognition, in the previous year, of the non-recurring provision related to the formal termination of the franchise agreed with the UK DfT (-€108 million), partly offset by the change in the estimate of the litigation compared to the previous year due to the progress of the outstanding disputes (+€35 million);
- lower production of the Riyadh metro contract (-€28 million).

13. Use of third-party assets (€110 million)

This caption may be analysed as follows:

| | millions of Euros | | | | |
|---|-------------------|------------|------------|---|---------------------------------|
| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
| Lease payments | 1 | 7 | (6) | 1 | (5) |
| Lease payments, condominium expenses and registration tax | 49 | 59 | (10) | 1 | (9) |
| Leases and indemnities for rolling stock and other | 57 | 47 | 10 | | 10 |
| Accruals/releases | 3 | 3 | | | |
| Total | 110 | 116 | (6) | 2 | (4) |

Net of the effect of the deconsolidation of the Sitaf group (€2 million), this caption decreased by €4 million on the previous year due, inter alia, to the different term of the leases renewed during the year.

14. Other operating costs (€206 million)

This caption may be analysed as follows:

| | millions of Euros | | | | |
|-------------------|-------------------|------------|-----------|---|---------------------------------|
| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
| Other costs | 192 | 165 | 27 | | 27 |
| Losses | 4 | 5 | (1) | | (1) |
| Accruals/releases | 10 | 5 | 5 | | 5 |
| Total | 206 | 175 | 31 | | 31 |

The €31 million increase in other operating costs is mainly due to greater local taxes and duties (+€8 million) and the non-recurring effect of the income recognised by the parent in the previous year following the successful outcome of a dispute with the tax authorities (+€13 million).

15. Internal work capitalised (€1,814 million)

Internal work capitalised mainly refers to the cost of materials, personnel expense, IT and transport services capitalised in 2021 for work on the infrastructure, maintenance increasing the value of rolling stock at FS Italiane group workshops and technological upgrades. This caption amounts to €1,814 million (+€217 million on 31 December 2020); net of effects of the deconsolidation of the Sitaf group (€30 million), it rose by €247 million on 2020, mainly as a consequence of the higher use of materials (+€93 million) and personnel and indirect costs (+€54 million) for work carried out on the railway infrastructure, higher design, work site and monitoring costs (+€37 million), higher rolling stock recurring maintenance costs carried out

internally, following the increased production of the year (+€28 million), and higher investment projects for IT services (+€11 million).

16. Amortisation and depreciation (€1,594 million)

This caption may be analysed as follows:

| | millions of Euros | | | | |
|--------------|-------------------|--------------|-------------|---|---------------------------------|
| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
| Amortisation | 254 | 278 | (24) | 29 | 5 |
| Depreciation | 1,340 | 1,326 | 14 | 1 | 15 |
| Total | 1,594 | 1,604 | (10) | 30 | 20 |

Net of the effects of the deconsolidation of the Sitaf group (€30 million), the €20 million increase in this caption is essentially due to the new rates applied to the railway infrastructure due to the increase in the train-km parameter following the upturn in traffic on the railway network.

17. Net impairment losses (€101 million)

This caption may be analysed as follows:

| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
|--|------------|------------|-------------|---|---------------------------------|
| Impairment losses on intangible assets | 16 | 24 | (8) | | (8) |
| Impairment losses on property, plant and equipment | 72 | 98 | (26) | | (26) |
| Adjustments and impairment gains on financial assets | 13 | 59 | (46) | | (46) |
| Impairment losses on cash and cash equivalents | | (1) | 1 | | 1 |
| Total | 101 | 180 | (79) | | (79) |

Net impairment losses decreased by a total of €79 million on the previous year. The balance was considerably affected by the Covid-19 emergency, as a result of the following events:

- the smaller impairment losses recognised on goodwill (-€6 million) following the impairment tests performed;
- the smaller impairment losses recognised on financial assets in accordance with IFRS 9, which led to the recognition of a smaller net accrual (€37 million), and the effect of the impairment loss recognised in 2020 by Trenitalia c2c due to the non-recognition of financial assets by the Department for Transport (-€9 million);
- the smaller impairment losses recognised on the sale of obsolete rolling stock carried out mainly last year (-€34 million) and on other items of property, plant and equipment (-€8 million), partly offset by greater impairment losses recognised on the railway infrastructure in the current year (+€17 million).

Reference should be made to notes 24, 25, 26, 31 and 32 for additional details on the impairment losses recognised in the year.

18. Provisions (€0 million)

This caption has a nil balance in 2021. The €127 million balance recognised in 2020 consisted of the adjustment of the Bilateral fund for income assistance, set up for income and employment assistance, to cover extraordinary benefits to be paid in future years.

19. Financial income (€142 million)

This caption may be analysed as follows:

| | millions of Euros | | | | |
|--|-------------------|-----------|-----------|---|---------------------------------|
| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
| Financial income from non-current loans and securities | 37 | 2 | 35 | | 35 |
| Financial income from derivatives | 4 | 7 | (3) | | (3) |
| Other financial income | 90 | 57 | 33 | | 33 |
| Exchange gains | 11 | 15 | (4) | | (4) |
| Total | 142 | 81 | 61 | | 61 |

This caption increased by €61 million and is essentially due to the effect of the following:

- the increase in financial income from non-current loans and receivables and securities, due to the discounting of the Covid-19 grants recognised in 2020 for the passenger service and collected from the MIMS in 2021 (€23 million) and the Covid-19 grants recognised in 2020 by the road infrastructure operator (€12 million);
- the €33 million increase in other financial income due to the recognition of interest income accruing since 1995 on the amount due from the Basilicata region (€12 million) to cover the operating deficits for the years from 1987 to 1993, following the final court decision against the region, the monetary revaluation of the fee to access the HS/HC infrastructure recalculated with ART decision no. 88/2021 (€11 million) for the period 6 November 2014 - 31 December 2015, and the dividends approved by Sita S.p.A. in liquidation amounting to €6 million for the group, in addition to the greater interest accrued on the Eurofima loans (€4 million);

20. Financial expense (€160 million)

This caption may be analysed as follows:

| | millions of Euros | | | | |
|--|-------------------|------------|--------------|---|---------------------------------|
| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
| Interest on financial liabilities | 105 | 149 | (44) | 43 | (1) |
| Financial expense on employee benefits | 5 | 5 | | | |
| Financial expense on derivatives | 8 | 3 | 5 | | 5 |
| Financial expense on leases | 23 | 35 | (12) | | (12) |
| Impairment losses on financial assets | 10 | 166 | (156) | | (156) |
| Exchange loss | 3 | 28 | (25) | | (25) |
| Accruals/releases | 6 | 1 | 5 | | 5 |
| Total | 160 | 387 | (227) | 43 | (184) |

Net of the deconsolidation of the Sitaf group (€43 million), this caption decreased by €184 million mainly as a result of the following:

- impairment losses on financial assets (-€156 million): the reduction is substantially due to the smaller impairment losses on the amount due from the operator Strada dei Parchi;
- exchange losses (-€25 million) due to foreign currency transactions carried out by the group for the tax regularisation in the year of the amounts due from Trenitalia c2c (€13 million), the transactions related to the Riyadh metro contract (€4 million) and the year-end measurement of trade amounts (€8 million);
- financial expense on leases (-€12 million), due to the early termination of certain leases by Trenitalia c2c at the end of 2020.

The above financial expense is shown net of government grants of €29 million (reference should also be made to note 44 - Other non-current and current liabilities).

21. Share of profits of equity-accounted investees (€32 million)

This caption, which shows the net balance of the profits and losses of the group's associates and jointly controlled companies recognised using the equity method, amounts to €32 million, up by €9 million on the previous year mainly as a consequence of the better results achieved by the JVs operating in the regional transport sector, which, in 2020, were heavily impacted by the Covid-19 pandemic.

For additional information, reference should be made to note 28 Equity-accounted investments.

22. Income taxes, current and deferred (€14 million)

Income taxes may be analysed as follows:

| | millions of Euros | | | | |
|--|-------------------|----------|-----------|---|---------------------------------|
| | 2021 | 2020 | Change | Change in consolidation scope (Sitaf group) | Change on a like-for-like basis |
| IRAP | 11 | 11 | | 1 | 1 |
| IRES | 6 | 17 | (11) | 7 | (4) |
| Income from the tax consolidation scheme | | | | | |
| Foreign current taxes | 5 | 3 | 2 | | 2 |
| Deferred taxes | (5) | (24) | 19 | 1 | 20 |
| Foreign deferred taxes | | (5) | 5 | | 5 |
| Accruals/releases for taxes | | | | | |
| Adjustments to prior year income taxes | (3) | (1) | (2) | | (2) |
| Total income taxes | 14 | 1 | 13 | 9 | 22 |

Net of the change in the consolidation scope, this caption would have increased by €22 million, principally due to the smaller release of net deferred taxes (+€25 million), partly offset by the smaller IRES (corporate income tax) taxes recognised for the year (-€4 million).

The group's IRES is net of the income from the tax consolidation scheme of €34 million, recognised on the tax losses transferred to the group over the years and used during the year, as their subsequent remuneration was not deemed probable.

In 2021, deferred taxes, including foreign ones, amount to -€5 million. For additional information about changes in deferred taxes, reference should be made to note 27 Deferred tax assets and deferred tax liabilities.

23. Assets and liabilities held for sale and disposal groups (€16 million)

Assets held for sale amount to €16 million (31 December 2020: nil balance) and mostly consist of the railway infrastructure of OHE AG in Lower Saxony (approximately 250 km of tracks or €11.4 million) and Sippel's headquarters in Hofheim, near Frankfurt (€4.5 million), for which a sales agreement has been signed to become effective in 2022.

24. Property, plant and equipment (€47,049 million)

The opening and closing balances of property, plant and equipment and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

millions of Euros

| | Land, buildings, railway and port infrastructure | Plant and machinery | Industrial and commercial equipment | Other assets | Assets under construction and payments on account | Total |
|---|--|------------------------|---|-----------------|--|---------------|
| Historical cost | 104,143 | 22,189 | 1,151 | 1,365 | 24,569 | 153,417 |
| Depreciation and impairment losses | (24,867) | (12,144) | (608) | (900) | (1,566) | (40,085) |
| Grants | (46,452) | (972) | (349) | (139) | (19,362) | (67,274) |
| Balance at 31.12.2019 | 32,824 | 9,073 | 194 | 326 | 3,641 | 46,058 |
| Investments | 40 | 220 | 9 | 36 | 6,126 | 6,431 |
| Placement in service | 3,270 | 1,157 | 192 | 41 | (4,660) | |
| Depreciation | (135) | (1,114) | (15) | (53) | | (1,317) |
| Impairment losses | (34) | (51) | | | (5) | (90) |
| Non-recurring transactions | (10) | | (2) | (1) | (11) | (24) |
| Change in consolidation scope | | | | | | |
| Exchange differences | | (11) | | (3) | | (14) |
| Disposals and divestments | (16) | (207) | (3) | (1) | (7) | (234) |
| Reclassifications from/to "Assets held for sale" | | | | | | |
| Increases in grants | (3,172) | (144) | (169) | (6) | (861) | (4,352) |
| Other reclassifications | (81) | 4 | | 7 | 72 | 2 |
| Total changes | (138) | (146) | 12 | 20 | 654 | 402 |
| Historical cost | 107,308 | 22,458 | 1,342 | 1,430 | 26,015 | 158,553 |
| Depreciation and impairment losses | (24,978) | (12,413) | (618) | (941) | (1,563) | (40,513) |
| Grants | (49,644) | (1,118) | (518) | (143) | (20,157) | (71,580) |
| Balance at 31.12.2020 | 32,686 | 8,927 | 206 | 346 | 4,295 | 46,460 |
| Investments | 32 | 143 | 16 | 27 | 9,457 | 9,675 |
| Placement in service | 6,700 | 1,533 | 115 | 45 | (8,393) | |
| Depreciation | (155) | (1,102) | (19) | (55) | | (1,331) |
| Impairment losses | (53) | (11) | | | (7) | (71) |
| Exchange differences | | 4 | | 2 | | 6 |
| Disposals and divestments (1) | (12) | (45) | (1) | (2) | 5 | (55) |
| Reclassifications from/to Assets held for sale (2) | (12) | | | | (2) | (14) |
| Increases and placement in service of subsidised assets during the year | (6,117) | (189) | (108) | (77) | (1,155) | (7,646) |
| Other reclassifications (2) | (266) | (5) | 3 | (3) | 296 | 25 |
| Total changes | 117 | 328 | 6 | (63) | 201 | 589 |
| Historical cost | 113,418 | 23,500 | 1,471 | 1,486 | 27,215 | 167,090 |
| Depreciation and impairment losses | (24,775) | (12,971) | (633) | (983) | (1,577) | (40,939) |
| Grants | (55,841) | (1,274) | (625) | (220) | (21,142) | (79,102) |
| Balance at 31.12.2021 | 32,802 | 9,255 | 213 | 283 | 4,496 | 47,049 |

Notes (1) and (2) are broken down in the following table.

millions of Euros

| | Land, buildings, railway and port infrastructure | Plant and machinery | Industrial and commercial equipment | Other assets | Assets under construction and payments on account | Total |
|--|--|---------------------|-------------------------------------|--------------|---|-------------|
| 1) Disposals and divestments | | | | | | |
| Historical cost | (61) | (220) | (5) | (17) | 5 | (298) |
| Depreciation | 16 | 116 | 3 | 11 | | 146 |
| Impairment losses | 32 | 8 | | | | 40 |
| Grants | 1 | 51 | 1 | 4 | | 57 |
| | (12) | (45) | (1) | (2) | 5 | (55) |
| 2) Other reclassifications and transfers from/to Assets held for sale | | | | | | |
| Historical cost | (560) | (418) | 3 | (1) | 131 | (845) |
| Depreciation | 58 | 565 | | 1 | | 624 |
| Impairment losses (gains) | 305 | (134) | | 2 | (7) | 166 |
| Grants | (81) | (18) | | (5) | 170 | 66 |
| | (278) | (5) | 3 | (3) | 294 | 11 |

The table below shows changes in right-of-use assets in the year.

millions of Euros

| | Land, buildings, railway and port infrastructure | Plant and machinery | Industrial and commercial equipment | Other assets | Assets under construction and payments on account | Total |
|------------------------------------|--|---------------------|-------------------------------------|--------------|---|-------------|
| Historical cost | 191 | 830 | 4 | 42 | | 1,067 |
| Depreciation and impairment losses | (39) | (244) | (2) | (18) | | (303) |
| Balance at 31.12.2020 | 152 | 586 | 2 | 24 | | 764 |
| Investments | 16 | 86 | 1 | 11 | | 114 |
| Depreciation | (26) | (116) | (1) | (11) | | (154) |
| Impairment losses | | | | | | |
| Exchange differences | | 4 | | | | 4 |
| Disposals and divestments (1) | (4) | (5) | | | | (9) |
| Reclassifications (2) | 2 | 4 | | | | 6 |
| Total changes | (12) | (27) | | | | (39) |
| Historical cost | 190 | 855 | 4 | 51 | | 1,100 |
| Depreciation and impairment losses | (50) | (297) | (2) | (26) | | (375) |
| Grants | | | | | | |
| Balance at 31.12.2021 | 140 | 558 | 2 | 25 | | 725 |

| | Land, buildings, railway and port infrastructure | Plant and machinery | Industrial and commercial equipment | Other assets | Assets under construction and payments on account | Total |
|-------------------------------------|--|------------------------|---|-----------------|--|------------|
| 1) Disposals and divestments | | | | | | |
| Historical cost | (12) | (40) | | (1) | (2) | (55) |
| Depreciation | 8 | 35 | | 1 | 2 | 46 |
| Impairment losses | | | | | | |
| Grants | | | | | | |
| | (4) | (5) | | | | (9) |
| 2) Reclassifications | | | | | | |
| Historical cost | (5) | (26) | | | | (31) |
| Depreciation | 7 | 30 | | | | 37 |
| Impairment losses | | | | | | |
| Grants | | | | | | |
| | 2 | 4 | | | | 6 |

The increase in investments under assets under construction and payments on account (€9,457 million) is mainly due to:

- the costs incurred to complete high speed network infrastructures and to design and construct HS/HC and traditional network facilities (€7,736 million);
- the costs incurred to purchase, revamp and redevelop rolling stock, particularly to continue updating both the high-speed fleet, with the placement in service of two new ETR 700 trains and three ETR 1006 and ETR 700 trains, and the regional transport fleet, with the delivery of 96 trains, including 42 "Pop", 50 "Rock" and four "Swing" trains (€1,488 million). The increase in investment volumes on 2020 is mainly due to the resumption of rolling stock deliveries, after the slowdown in production in 2020 caused by the Covid-19 pandemic;
- maintenance of rolling stock and routine maintenance of the infrastructure on the German market (€16 million);
- the costs incurred to update plant, workshop buildings and technical equipment (€73 million);
- the capitalisation of internal and external costs mainly related to designs and external works covered by the Obiettivo Law and for video surveillance works carried out within stations, in addition to non-routine maintenance (€36 million);
- the costs incurred to purchase new buses in Italy (€31 million) and abroad (€15 million), mainly by the investee Qbuzz, which it will use for the concessions it operates in the Netherlands;
- the capitalisation of costs incurred for routine maintenance on freight rolling stock (€44 million).

The placement in service of land, buildings, railway and port infrastructure mainly refers to the railway infrastructure (€6,548 million), and non-routine maintenance and upgrading of rolling stock maintenance workshops (€23 million) and the works carried out at stations under Law no. 443/2001 (€125 million). The placement in service of plant and machinery principally relates to new locomotives and new buses (€1,505 million).

The impairment losses on plant and machinery principally relate to commercially-obsolete rolling stock (€9 million), while the impairment losses on land, buildings, railway and port infrastructure mainly relate to land that can no longer be used in the industrial process (€53 million).

The disposals and divestments of the year mostly related to transfers to Autolinee Toscane S.p.A. after it took over the service following the award of the Tuscany call for tenders (€43 million).

At 31 December 2021, there are no mortgages or privileges on property, plant and equipment, except for part of Trenitalia S.p.A.'s rolling stock worth €2,098 million, which was pledged to Eurofima SA to secure non-current loans and borrowings agreed through the parent.

The reclassifications in the year mainly refer to areas whose use was changed in the year and therefore reclassified to property, plant and machinery, intangible assets, investment property and inventories to give a true and fair view.

Government grants

During the year, in line with the progress of work on property, plant and equipment, intangible assets and investment property, the following grants related to assets, totalling €7,646 million, were disbursed. They may be analysed as follows:

- €6,292 million related to the advances for grants from the MEF for investments in traditional network infrastructures;
- €105 million related to the advances for grants from the MIMS for investments in traditional network infrastructures;
- €48 million related to work in progress concerning complementary works for stations, approved as part of the strategic infrastructure programme (Law no. 443/2001);
- €147 million related to grants from the regional authorities for the purchase of rolling stock;
- €65 million related to grants from the UK Department for Transport covering rolling stock;
- other grants (€976 million) mainly related to the European Union and local bodies.

Finally, contractual constraints, with an average term of 12 years, apply to the grants received in connection with the investments into the bus fleet for the operation of LPT services. The repayment obligation, in the event of early sale of the contributed asset, is replaced with the possibility of using the residual grant to purchase a new asset, of the same type and for the same use, replacing the previous asset.

25. Investment property (€1,477 million)

The following table shows the opening and closing balances of investment property at 31 December 2021 and 2020.

millions of Euros

| | 2021 | | 2020 | |
|--------------------------------------|------------|------------|------------|------------|
| | Land | Buildings | Land | Buildings |
| Balance at 1 January | | | | |
| Cost | 2,122 | 1,240 | 2,135 | 1,222 |
| of which: | | | | |
| Historical cost | 2,142 | 1,462 | 2,154 | 1,406 |
| Grants | (20) | (222) | (19) | (184) |
| Accumulated depreciation | | (489) | | (479) |
| Loss allowance | (1,301) | (179) | (1,320) | (173) |
| Carrying amount | 821 | 572 | 815 | 570 |
| Changes of the year | | | | |
| Acquisitions/Increases | 1 | 23 | 1 | 4 |
| Reclassifications (1) | 47 | 29 | 13 | 7 |
| Depreciation and impairment losses | | (9) | (6) | (8) |
| Disposals and divestments (2) | (5) | (2) | (2) | (1) |
| Change in consolidation scope | | | | |
| Total changes | 43 | 41 | 6 | 2 |
| Balance at 31 December | | | | |
| Cost | 2,190 | 1,411 | 2,122 | 1,240 |
| of which: | | | | |
| Historical cost | 2,210 | 1,683 | 2,142 | 1,462 |
| Grants | (20) | (272) | (20) | (222) |
| Accumulated depreciation | | (563) | | (489) |
| Loss allowance | (1,326) | (235) | (1,301) | (179) |
| Carrying amount | 864 | 613 | 821 | 572 |
| Reclassifications (1) | | | | |
| Cost | 85 | 200 | (8) | 55 |
| Accumulated depreciation | | (64) | | (4) |
| Loss allowance | (38) | (56) | 22 | (6) |
| Grants | | (51) | (1) | (38) |
| Total | 47 | 29 | 13 | 7 |
| Disposals and divestments (2) | | | | |
| Cost | (18) | (2) | (5) | (2) |
| Accumulated depreciation | | 1 | | 1 |
| Loss allowance | 13 | | 3 | |
| Grants | | (1) | | |
| Total | (5) | (2) | (2) | (1) |

Investment property includes land and buildings not used in operations measured at cost, areas to be enhanced and several buildings, workshops and properties leased to third parties.

The reclassifications of the year of both land and buildings are mainly due to a change in the use of certain areas and a better representation thereof under property, plant and equipment and inventories.

26. Intangible assets (€2,560 million)

millions of Euros

| | Development expenditure | Industrial patents and intellectual property rights | Concessions, licences, trademarks and similar rights | Assets under development and payments on account | Concession assets | Other | Goodwill | Total |
|------------------------------------|-------------------------|---|--|--|-------------------|------------|-------------|--------------|
| Historical cost | 140 | 5 | 1,640 | 643 | 1,898 | 26 | 191 | 4,543 |
| Amortisation and impairment losses | (97) | (3) | (881) | (7) | (429) | 2 | (46) | (1,461) |
| Grants | (22) | | (328) | (19) | | | | (369) |
| Balance at 1.1.2020 | 21 | 2 | 431 | 617 | 1,469 | 28 | 145 | 2,713 |
| Investments | | | 7 | 247 | 2 | 1 | | 257 |
| Placement in service | | | 123 | (139) | 14 | 2 | | |
| Amortisation | (1) | (1) | (118) | | (121) | (8) | | (249) |
| Disposals and divestments | | | | (1) | | | | (1) |
| Impairment losses | | | | | | (3) | (21) | (24) |
| Increases in grants | | | (5) | 5 | | | | |
| Other reclassifications | | | 3 | (30) | | | | (27) |
| Total changes | (1) | (1) | 10 | 82 | (105) | (8) | (22) | (45) |
| Historical cost | 140 | 5 | 1,727 | 724 | 1,914 | 29 | 190 | 4,729 |
| Amortisation and impairment losses | (98) | (4) | (955) | (6) | (550) | (9) | (67) | (1,689) |
| Grants | (22) | | (331) | (19) | | | | (372) |
| Balance at 31.12.2020 | 20 | 1 | 441 | 699 | 1,364 | 20 | 123 | 2,668 |
| Investments | | | | 275 | 2 | | | 277 |
| Placement in service | 3 | | 118 | (138) | 14 | 3 | | |
| Amortisation | | | (127) | | (122) | (5) | | (254) |
| Disposals and divestments (1) | | | | | | | | |
| Impairment losses | | | | (2) | | | (14) | (16) |
| Increases in grants | (3) | | (19) | 14 | | | | (8) |
| Reclassifications (2) | | | 9 | (117) | | 1 | | (107) |
| Total changes | | | (19) | 32 | (106) | (1) | (14) | (108) |
| Historical cost | 143 | 5 | 1,804 | 757 | 1,930 | 31 | 190 | 4,860 |
| Amortisation and impairment losses | (98) | (4) | (1,033) | (7) | (672) | (12) | (81) | (1,907) |
| Grants | (25) | | (349) | (19) | | | | (393) |
| Balance at 31.12.2021 | 20 | 1 | 422 | 731 | 1,258 | 19 | 109 | 2,560 |

Notes (1) and (2) are broken down in the following table

| | Development expenditure | Industrial patents and intellectual property rights | Concessions, licences, trademarks and similar rights | Assets under development and payments on account | Concession assets | Other | Goodwill | Total |
|------------------------------|-------------------------|---|--|--|-------------------|----------|----------|--------------|
| 1) Disposals and divestments | | | | | | | | |
| Historical cost | | | (5) | | | (3) | | (8) |
| Amortisation | | | 4 | | | 3 | | 7 |
| Impairment losses | | | | | | | | |
| Grants | | | 1 | | | | | 1 |
| Total | | | | | | | | |
| 2) Reclassifications | | | | | | | | |
| Historical cost | | | (38) | (103) | | 1 | | (140) |
| Amortisation | | | 46 | | | | | 46 |
| Impairment losses | | | 1 | | | | | 1 |
| Grants | | | | (14) | | | | (14) |
| Total | | | 9 | (117) | | 1 | | (107) |

Concession assets include €1,903 million related to Anas S.p.A.'s concession, based on:

- the 2016-2020 Government Programme Contract signed by the company on 27 December 2017 and updated in July 2019 and again in August 2020,
- the economic and financial plan (PEF) and the regulatory financial plan approved by the company's board of directors and sent to the MIMS, most recently updated on 30 July 2020.

The most recent version of the Government Programme Contract had postponed the funding model for the investment consideration as from the next 2021-2025 Programme Contract and, consequently, the 2019 and 2020 investments were funded exclusively with the grant. Furthermore, in 2020, the MEF, together with the MIMS, agreed to start a technical investigation aimed at extending the term of the current concession by 20 years, pursuant to article 1.1018/1019 of Law no. 296 of 27 December 2006.

The technical panel specifically called and coordinated by the MIMS for the above-mentioned investigation met several times early in 2021. As part of its work and through the MIMS, it requested the Attorney General's opinion about the possibility to extend the term of the current concession under the applicable legislation. On 18 June 2021, the Attorney General replied to the MIMS stating that, on the basis of European regulations on motorway concessions, a direct extension of the concession is impossible under the current legislation. However, such extension could theoretically be possible, should the company implement a business model whereby public and private sector activities are accounted for separately, after obtaining the opinion of the competent departments of the European Commission.

Consequently, Decree law no. 121 dated 10 September 2021 was published on 9 November 2021, which, inter alia, pursuant to the provisions of article 2.2-sexies to 2-sexiesdecies, provides, in brief:

- the establishment of a new company was provided for (entirely owned by the MEF and jointly controlled by the MIMS) to which the functions and activities assigned by current provisions to Anas S.p.A. would be transferred solely for the state motorways with tolls,
- and, consequently, with Anas managing only the non-toll road and motorway network, based on the existing concession,

by first removing all the obstacles to the possible extension, based on the aforementioned national legislation in force, of the term of the concession, which include first and foremost, the concession's compliance, given its peculiarities, with the relevant EU regulations for motorway concessions, even pending the checks with the competent EU structures in order to obtain their hoped-for confirmation.

However, article 2.2-duodecies and 2-quaterdecies of the Decree law on infrastructure and transport also introduced two important changes to the Government Programme Contract ("GPC"):

- elimination of the "consideration basis", originally introduced by the above-mentioned 2016-2020 GPC, and used as the basis for the prospective valuations to support the amounts of Anas assets to be transferred to FS, thereby limiting the criterion for financing the activities carried out by the company to the sole recognition of grants,
- and, at the same time,
- reduction of the percentage of investment expenses paid to Anas as of 1 January 2022 from 12.5% to 9%.

On 23 March 2022, Anas received a letter signed by the Director general for roads and motorways, high supervision of road infrastructure and supervision of motorway concession contracts, which confirmed MIMS' intention to:

- continue the discussions commenced by the technical panel, completing the preliminary investigation carried out to assess the possibility of extending the current concession by 20 years, i.e., up to 31 December 2052, pursuant to article 1.1018/1019 of Law no. 296 of 27 December 2006, following the conclusion of the discussions which began with the competent structures of the European Community,

and

- to launch, based on the aforementioned infrastructure and transport decree, the revision of the 2021-2025 GPC, including the revision of the regulatory part in order to adapt it to the new legislation and, in any case, ensuring Anas' economic-financial sustainability in relation to the concession assets. More specifically, in line with the exclusive and special nature of the right assigned by Decree law no. 121/2021, "the extent of the financial requirements must be determined, to be covered by the "grant" accounting mechanism that allows the recovery of the "economic-technical cost" related to the activities carried out.

Therefore, since the "economic-technical cost" includes figurative charges, and also given that, as currently set out in article 6 of the concession ("obligations of the grantor"), certain fundamental risks and responsibilities in the management of the activities remain clearly with the company, in light of all the above, Anas' directors tested for impairment the concession right using a 4.1% WACC, and confirmed its carrying amount, pending the further investigations arising from the discussions under way with the supranational institutions, on the extension of the concession, and with the MIMS, concerning the negotiation of the new GPC.

Should the developments resulting from the ongoing discussions with supranational institutions lead to considerations and results that differ from expectations, the carrying amount of the concession will be decreased based on the cash flows indicated by the economic and financial plan, revised accordingly.

The concession is amortised systematically over the term of the current concession (i.e., until 2032) and the amortisation charge of the year amounts to €99 million.

Impairment testing

In accordance with IAS 36 – Impairment of assets, impairment tests were performed on goodwill and non-current assets with an indefinite useful life or on other non-current assets where necessary (i.e., if there were trigger events).

Specifically, in addition to that highlighted in the above paragraph, we tested the goodwill allocated to the Netinera Deutschland GmbH group and that arising from Mercitalia Logistics S.p.A., Busitalia - Sita Nord S.r.l. (the latter having received the goodwill of Umbria Mobilità Esercizio S.r.l., which was merged into Busitalia Sita Nord S.r.l. as of 1 December 2015), Busitalia Campania S.p.A., Cremonesi Workshop, QBuzz and Trainose, each representing an independent cash-generating unit (CGU).

With respect to these CGUs, the test was carried out using 2022 forecast figures and the amounts included in the latest business plan prepared by their management.

With respect to the above companies, the test was carried out by comparing net invested capital with the recoverable amount of each CGU, being the higher of a CGU's fair value and its value in use. The terminal value was estimated using the perpetual capitalisation of prospective cash flows in the last year of the explicit projection period, using growth rates similar to those included in the long-term forecasts of the inflation rate (1.0%-1.5%). The discount rate used is the weighted average cost of capital ("WACC") for each CGU.

The following table shows the main figures of the test:

| CGU | Goodwill (millions of Euros) | Discount rate (WACC) | Growth rate |
|--|------------------------------------|-------------------------|-------------|
| Netinera Deutschland | 78 | 4.30% | 1.00% |
| Mercitalia Logistics (formerly FS Logistica) | 7 | 5.89% | 1.50% |
| Busitalia - Umbria CGU | 10 | 5.09% | |
| Busitalia Campania | 2 | 5.13% | |
| Cremonesi Workshop | 7 | 7.66% | 1.50% |
| Trainose | 2 | 5.13% | 1.00% |
| Qbuzz | 0 | 6.95% | |

The test showed that Qbuzz goodwill was impaired by €14 million.

Except for the results of tests with a negative impact, which showed a recoverable amount in line with the carrying amount of the related CGU and, consequently, any change in the input parameters could affect recoverability, the sensitivity analysis applied to the discount rate and the growth rate (+/- 50 basis points) showed no significant effects on the outcome of the assessments made.

Investments in assets under development and payments on account and roll-outs refer to the software development and implementation costs, measures to improve the efficiency of production processes and the increase in the efficiency and streamlining of sales channels for the group's business.

Other reclassifications mainly relate to the portion pertaining to software for sundry investment projects which was duly reclassified to the relevant caption when it was reclassified out of assets under development.

27. Deferred tax assets (€546 million) and deferred tax liabilities (€599 million)

The table below shows deferred tax assets and deferred tax liabilities at 31 December 2021 and changes of the year due to the main temporary differences.

| | millions of Euros | | | | |
|--|-------------------|--|------------------------------|------------------|------------|
| | 31.12.2020 | Incr. (decr.) through profit or loss | Incr. (decr.) through OCI | Other changes | 31.12.2021 |
| Deferred tax assets | 539 | 7 | | | 546 |
| Assets | 96 | 1 | | | 97 |
| Inventories | 54 | | | | 54 |
| Provisions | 33 | 5 | | | 38 |
| Tax losses | 35 | 2 | | | 37 |
| Financial instruments | | | | | |
| Post-employment benefits | 3 | (1) | | | 2 |
| Financial assets and financial liabilities | 252 | 5 | | | 257 |
| Other | 66 | (5) | | | 61 |
| Deferred tax liabilities | 597 | 2 | | | 599 |
| Assets | 329 | (18) | | | 311 |
| Inventories | 49 | (1) | | | 48 |
| Provisions | 3 | (2) | | | 1 |
| Financial instruments | | | | | |
| Post-employment benefits | 1 | | | | 1 |
| Financial assets and financial liabilities | 152 | 8 | | | 160 |
| Other | 63 | 15 | | | 78 |

Changes in the year reflect new temporary differences and releases by the group companies in the year.

28. Equity-accounted investments (€751 million)

They include the carrying amount of investments in joint arrangements and associates.

The following table gives a breakdown of the carrying amount of equity investments at 31 December 2021, together with the percentage of investment and the related carrying amount, net of callable shares, with prior year corresponding figures.

millions of Euros

| | Carrying amount at 31.12.2021 | % of investment | Carrying amount at 31.12.2020 | % of investment |
|--|----------------------------------|--------------------|-------------------------------------|--------------------|
| Investments in joint arrangements | | | | |
| ODEG Ostdeutsche Eisenbahngesellschaft mbH | 5 | 50.00 | 5 | 50.00 |
| Trenord S.r.l. | 38 | 50.00 | 38 | 50.00 |
| TELT Sas (formerly LTF Sas) | 95 | 50.00 | 95 | 50.00 |
| Verkehrsbetriebe Osthannover GmbH* | 2 | 57.45 | 2 | 57.45 |
| Other** | 12 | | 13 | |
| Investments in associates | | | | |
| Autostrada Asti-Cuneo S.p.A. | 22 | 35.00 | 19 | 35.00 |
| B.B.T. SE S.p.A. | 146 | 50.00 | 144 | 50.00 |
| Concessioni Autostradali Venete CAV S.p.A. | 90 | 50.00 | 88 | 50.00 |
| Ferrovie Nord Milano S.p.A. | 25 | 14.74 | 63 | 14.74 |
| Metro 5 S.p.A. | 53 | 36.70 | 41 | 36.70 |
| Quadrante Europa Terminal Gate S.p.A. | 7 | 50.00 | 7 | 50.00 |
| SITMB S.p.A. Società Italiana per il Traforo del Monte Bianco | 67 | 32.12 | 69 | 32.12 |
| Sitaf | 174 | 31.74 | 164 | 31.74 |
| Other** | 16 | | 17 | |
| Total | 751 | | 765 | |

* Despite holding more than 50% of Verkehrsbetriebe Osthannover GmbH and more than half of the related voting rights, through the subsidiary Netinera Deutschland GmbH, the group does not control this entity in accordance with an agreement entered into with the other shareholders.

** "Other" investments in associates and joint arrangements include similar situations which are not broken down as they are not significant.

The following table gives a breakdown of equity investments, grouped by category, and changes therein:

millions of Euros

| | Closing balance at 31.12.2020 | Decrease due to dividends | Change in the consolidation scope | Income statement impact | Other | Closing balance at 31.12.2021 |
|--------------------------------------|-------------------------------------|------------------------------|---|-------------------------------|-------------|-------------------------------------|
| Investments in joint arrangements | 153 | (4) | | 3 | | 152 |
| Investments in associates | 612 | (11) | | 29 | (31) | 599 |
| Total | 765 | (15) | | 32 | (31) | 751 |

Other investments in associates essentially refer to the effects of the transaction whereby Ferrovie Nord Milano acquired a controlling stake in Milano Serravalle - Milano Tangenziali S.p.A., accounted for as under common control (-€40 million), the change in the Hedging reserve (€7 million) and TFB S.p.A.'s €30 million subscription of BBT SE's share capital, partly offset by the grants related to assets disbursed by the MEF to RFI S.p.A. in connection with the financial investments related to chapter 7122 (€28 million), which were recognised against the carrying amount of the investment.

With respect to investments in joint arrangements, TELT Sas carried out a €153 million capital increase, fully offset by the increase in the grants related to assets disbursed by the MEF in connection with the financial investments related to chapter 7122.

The income statement impact mainly refers to the profits/losses for 2021.

Investments in joint arrangements

The following financial information is provided about the most significant investments in joint arrangements. The following tables also include a reconciliation between the investment's summarised financial information, for the year shown in the table, and its consolidated carrying amount.

Trenord S.r.l.'s business object is the operation of railway local public transport in Lombardy and the various areas defined in the relevant public service contracts.

| | millions of Euros | |
|---|-------------------|-------------|
| Trenord S.r.l. | 31.12.2021 | 31.12.2020 |
| % of investment | 50% | 50% |
| Cash and cash equivalents | 53 | 202 |
| Current financial assets | | |
| Other current assets | 331 | 215 |
| Non-current financial assets | 3 | 2 |
| Other non-current assets | 430 | 403 |
| Current financial liabilities | (311) | (310) |
| Other current liabilities | (314) | (314) |
| Non-current financial liabilities | (62) | (58) |
| Other non-current liabilities | (42) | (52) |
| Equity | 88 | 87 |
| Equity attributable to the owners of the parent | 43 | 43 |
| Elimination of gain on business unit contribution | (9) | (9) |
| Other adjustments | 4 | 4 |
| Carrying amount of the equity investment | 38 | 38 |
| Revenue | 764 | 703 |
| Operating costs | (614) | (550) |
| Amortisation, depreciation and impairment losses | (176) | (186) |
| Provisions | | |
| Operating loss | (26) | (33) |
| Financial income | 1 | |
| Financial expense | (2) | (2) |
| Pre-tax loss | (27) | (35) |
| Net tax income | 27 | 28 |
| Loss for the year | | (7) |
| Other comprehensive income | | |
| Comprehensive expense | | (7) |
| Comprehensive expense attributable to the owners of the parent | | (4) |
| Dividends received from the group | | |

ODEG Ostdeutsche Eisenbahngesellschaft mbH's business object is passenger transport by rail in Germany, specifically, regional transport in northern Germany.

millions of Euros

| ODEG Ostdeutsche Eisenbahngesellschaft mbH | 31.12.2021 | 31.12.2020 |
|--|------------|------------|
| % of investment | 50% | 50% |
| Cash and cash equivalents | 16 | 32 |
| Current financial assets | | |
| Other assets | 42 | 36 |
| Non-current financial assets | | |
| Other current assets | 79 | 54 |
| Current financial liabilities | (23) | |
| Other current liabilities | (30) | (60) |
| Non-current financial liabilities | (66) | (47) |
| Other non-current liabilities | (11) | (9) |
| Equity | 7 | 7 |
| Equity attributable to the owners of the parent | 3 | 4 |
| Other adjustments | 2 | 1 |
| Carrying amount of the equity investment | 5 | 5 |
| Revenue | 189 | 179 |
| Operating costs | (158) | (152) |
| Amortisation, depreciation and impairment losses | (23) | (20) |
| Provisions | | |
| Operating profit | 8 | 7 |
| Financial income | | |
| Financial expense | (3) | (2) |
| Pre-tax profit | 5 | 6 |
| Net tax expense | (2) | (2) |
| Profit for the year | 3 | 3 |
| Other comprehensive income | | |
| Comprehensive income | 3 | 3 |
| Comprehensive income attributable to the owners of the parent | 2 | 2 |
| Dividends received from the group | 3 | 2 |

The business object of Tunnel Euralpin Lyon Turin Sas – TELT (formerly LTF - Lyon Turin Ferroviarie Sas) is the construction of the new Turin-Lyon railway line and the performance of studies, surveys and preliminary works in the Italian-French area of the international section.

millions of Euros

| TELT Sas (formerly LTF Sas) | 31.12.2021 | 31.12.2020 |
|---|-------------------|-------------------|
| % of investment | 50% | 50% |
| Cash and cash equivalents | 27 | 34 |
| Current financial assets | | |
| Other current assets | 151 | 58 |
| Non-current financial assets | | |
| Other non-current assets | 2,014 | 1,649 |
| Current financial liabilities | | |
| Other current liabilities | (150) | (92) |
| Non-current financial liabilities | | |
| Other non-current liabilities | (2,041) | (1,650) |
| Equity | 1 | 1 |
| Equity attributable to the owners of the parent | | |
| Difference arising from the different accounting treatment of grants related to assets* | 95 | 95 |
| Carrying amount of the equity investment | 95 | 95 |
| Revenue | 10 | 9 |
| Operating costs | (8) | (7) |
| Amortisation, depreciation and impairment losses | (2) | (2) |
| Profit for the year | | |
| Comprehensive income | | |
| Comprehensive income attributable to the owners of the parent | | |
| Dividends received from the group | | |

* Reclassification of the governments grants related to assets disbursed to the former parent RFI S.p.A. up to 2006 and reclassified in accordance with the group's accounting policies (as per IAS 20.27). These grants are used to finance the studies and preliminary works for the construction of the international section of the Turin-Lyon railway line. They are presented in equity in accordance with French GAAP.

Investments in associates

The following tables provide summarised financial information about the group's investments in associates which are deemed individually material. Furthermore, they include a reconciliation between the summarised financial information and the consolidated carrying amount of each investment.

B.B.T. SE focuses on the development and design of a railway tunnel under the Brenner mountain between Innsbruck and Fortezza.

| | millions of Euros | |
|---|-------------------|--------------|
| B.B.T. SE | 31.12.2021 | 31.12.2020 |
| % of investment | 50% | 50% |
| Cash and cash equivalents | 143 | 211 |
| Current financial assets | | |
| Other current assets | 111 | 103 |
| Non-current financial assets | | |
| Other non-current assets | 3,097 | 2,796 |
| Current financial liabilities | | |
| Other current liabilities | (207) | (203) |
| Non-current financial liabilities | | |
| Other non-current liabilities | (1,146) | (968) |
| Equity | 1,998 | 1,938 |
| Equity attributable to the owners of the parent | 999 | 969 |
| Effect of grants on consolidated carrying amount of equity investment* | (864) | (836) |
| Other adjustments | 11 | 11 |
| Carrying amount of the equity investment | 146 | 144 |
| Revenue | 23 | 24 |
| Operating costs | (23) | (23) |
| Amortisation, depreciation and impairment losses | | (1) |
| Profit for the year | | |
| Comprehensive income | | |
| Portion of comprehensive income attributable to the owners of the parent | | |
| Dividends received from the group | | |

* Reclassification of the grant as a shareholder injection, offset against the equity investment's carrying amount in the consolidated financial statements

Sitaf is the operator of the A32 motorway and the Frejus tunnel. The figures used and shown herein refer to the consolidated financial statements of the Sitaf group at 31 December 2021.

millions of Euros

| Sitaf group | 31.12.2021 | 31.12.2020 |
|---|---------------|------------|
| % of investment | 31.74% | 32% |
| Cash and cash equivalents | 29 | 30 |
| Current financial assets | 42 | |
| Other current assets | 172 | 132 |
| Non-current financial assets | 12 | 9 |
| Other non-current assets | 1,581 | 1,554 |
| Current financial liabilities | (65) | (24) |
| Other current liabilities | (175) | (122) |
| Non-current financial liabilities | (259) | (285) |
| Other non-current liabilities | (881) | (878) |
| Equity | 456 | 416 |
| Equity attributable to the owners of the parent | 145 | 132 |
| Fair value adjustment | 32 | 32 |
| Other adjustments | (3) | |
| Carrying amount of the equity investment | 174 | 164 |
| Revenue | 356 | 264 |
| Operating costs | (237) | (125) |
| Amortisation, depreciation and impairment losses | (44) | (36) |
| Provisions | | |
| Operating profit | 75 | 103 |
| Financial income | | 4 |
| Financial expense | (38) | (69) |
| Pre-tax profit | 37 | 38 |
| Tax expense | (14) | (9) |
| Profit for the year | 23 | 28 |
| Other comprehensive income | | |
| Comprehensive income | 23 | 28 |
| Comprehensive income attributable to the owners of the parent* | 7 | 12 |
| Dividends received from the group | | |

Ferrovie Nord Milano S.p.A. ("FNM") negotiates and manages investments in companies, including, but not limited to, those operating in the transport and real estate sectors.

At 31 December 2021, its price per share was €0.614. The following figures are taken from the FNM group's interim consolidated financial statements at 30 June 2021 as FNM S.p.A. had not provided data updated to 31 December 2021 at the preparation date of these notes.

| | millions of Euros | |
|---|-------------------|-------------------|
| Ferrovie Nord Milano group | 30.06.2021 | 30.06.2020 |
| % of investment | 14.74% | 14.74% |
| Cash and cash equivalents | 385 | 352 |
| Current financial assets | 52 | 137 |
| Other current assets | 255 | 161 |
| Non-current financial assets | 61 | |
| Other non-current assets | 1,081 | 514 |
| Current financial liabilities | (869) | (315) |
| Other current liabilities | (381) | (225) |
| Non-current financial liabilities | (236) | (86) |
| Other non-current liabilities | (153) | (86) |
| Equity | 195 | 452 |
| Equity attributable to the owners of the parent | 29 | 67 |
| Other adjustments | (4) | (4) |
| Carrying amount of the equity investment | 25 | 63 |
| Revenue | 269 | 153 |
| Operating costs | (201) | (117) |
| Amortisation, depreciation and impairment losses | (36) | (20) |
| Provisions | | |
| Operating profit | 32 | 16 |
| Financial income | 2 | 2 |
| Financial expense | (12) | (15) |
| Share of losses of equity-accounted investees | (27) | |
| Pre-tax profit (loss) | (5) | 2 |
| Tax expense | (6) | (3) |
| Loss for the year | (11) | (1) |
| Other comprehensive income | 1 | |
| Comprehensive expense | (10) | |
| Comprehensive expense attributable to the owners of the parent | (1) | |
| Dividends received from the group | | |

Metro 5 S.p.A.'s business object is the definitive and executive design, expropriation, work supervision, performance of civil and technological works, supply of rolling stock and subsequent management of the new line 5 of the Milan metro (the "purple line").

millions of Euros

| Metro 5 S.p.A. | 31.12.2021 | 31.12.2020 |
|--|-------------------|-------------------|
| % of investment | 36.70% | 36.70% |
| Cash and cash equivalents | 55 | 56 |
| Current financial assets | | |
| Other current assets | 69 | 65 |
| Non-current financial assets | 606 | 614 |
| Other non-current assets | (1) | 20 |
| Current financial liabilities | (19) | (17) |
| Other current liabilities | (56) | (56) |
| Non-current financial liabilities | (437) | (409) |
| Other non-current liabilities | (86) | (176) |
| Equity | 131 | 98 |
| Equity attributable to the owners of the parent | 48 | 36 |
| Goodwill | 5 | 5 |
| Carrying amount of the equity investment | 53 | 41 |
| Revenue | 22 | 24 |
| Operating costs | (27) | (29) |
| Amortisation, depreciation and impairment losses | | |
| Provisions | | (1) |
| Operating loss | (5) | (6) |
| Financial income | 51 | 50 |
| Financial expense | (22) | (25) |
| Pre-tax profit | 24 | 20 |
| Tax expense | (8) | (6) |
| Profit for the year | 16 | 13 |
| Other comprehensive income (expense) | 17 | (6) |
| Comprehensive income | 33 | 8 |
| Comprehensive income attributable to the owners of the parent | 12 | 3 |
| Dividends received from the group | | |

Concessioni Autostradali Venete CAV S.p.A.'s business object is the completion and performance of all activities, deeds and relationships related to the operation, including ordinary and extraordinary maintenance, of the motorway link between the A4 motorway - Venice-Trieste section, and ancillary works, and the Venice-Padua motorway section. The following figures are taken from the company's interim financial statements at 30 June 2021 as Autostrada Asti-Cuneo S.p.A. had not provided data updated to 31 December 2021 at the preparation date of these notes.

millions of Euros

| Concessioni Autostradali Venete CAV S.p.A. | 30.06.2021 | 31.12.2020 |
|--|-------------------|-------------------|
| % of investment | 50% | 50% |
| Cash and cash equivalents | 110 | 129 |
| Current financial assets | | 10 |
| Other current assets | 43 | 38 |
| Non-current financial assets | 64 | 67 |
| Other non-current assets | 542 | 560 |
| Current financial liabilities | (61) | (59) |
| Other current liabilities | (34) | (51) |
| Non-current financial liabilities | (466) | (499) |
| Other non-current liabilities | (19) | (19) |
| Equity | 179 | 176 |
| Equity attributable to the owners of the parent | 90 | 88 |
| Carrying amount of the equity investment | 90 | 88 |
| Revenue | 77 | 143 |
| Operating costs | (34) | (63) |
| Amortisation, depreciation and impairment losses | (24) | (47) |
| Provisions | (8) | (15) |
| Operating profit | 11 | 18 |
| Financial income | | |
| Financial expense | (7) | (15) |
| Pre-tax profit | 4 | 3 |
| Tax expense | (1) | (1) |
| Profit for the year | 3 | 2 |
| Other comprehensive income | | |
| Comprehensive income | 3 | 2 |
| Comprehensive income attributable to the owners of the parent | 1 | 1 |
| Dividends received from the group | | |

Autostrada Asti-Cuneo S.p.A.'s business object is the design, construction, maintenance and operation of the motorway link between Asti and Cuneo, acting as the MIT's operator.

The following figures are taken from the company's financial statements at 30 June 2021 as, at the preparation date of these notes, Autostrada Asti-Cuneo S.p.A. had not made available the figures updated to 31 December 2021.

| Autostrada Asti-Cuneo S.p.A. | 30.06.2021 | 30.06.2020 |
|--|-------------------|-------------------|
| | millions of Euros | |
| % of investment | 35% | 35% |
| Cash and cash equivalents | 60 | 1 |
| Current financial assets | 4 | 3 |
| Other current assets | 330 | 4 |
| Non-current financial assets | 35 | 21 |
| Other non-current assets | 113 | 367 |
| Current financial liabilities | (381) | (179) |
| Other current liabilities | (20) | (37) |
| Non-current financial liabilities | | (50) |
| Other non-current liabilities | (79) | (76) |
| Equity | 62 | 54 |
| Equity attributable to the owners of the parent | 22 | 19 |
| Carrying amount of the equity investment | 22 | 19 |
| Revenue | 33 | 9 |
| Operating costs | (20) | (10) |
| Amortisation, depreciation and impairment losses | (1) | |
| Provisions | (1) | |
| Operating profit (loss) | 11 | (1) |
| Financial income | | |
| Financial expense | | |
| Pre-tax profit (loss) | 11 | (1) |
| Tax expense | (4) | |
| Profit (loss) for the year | 7 | (1) |
| Other comprehensive income | | |
| Comprehensive income (expense) | 7 | (1) |
| Comprehensive income attributable to the owners of the parent | 3 | |
| Dividends received from the group | | |

SITMB S.p.A. Società Italiana per il Traforo del Monte Bianco's business object is the construction and operation, or only the operation, of the motorways and tunnels covered by the relevant concession.

The following figures are taken from the interim financial statements at 30 June 2021.

| | millions of Euros | |
|--|-------------------|-------------------|
| SITMB S.p.A. Società Italiana per il Traforo del Monte Bianco | 30.06.2021 | 30.06.2020 |
| % of investment | 32.12% | 32.12% |
| Cash and cash equivalents | 187 | 179 |
| Current financial assets | 7 | 5 |
| Other current assets | 36 | 23 |
| Non-current financial assets | 166 | 166 |
| Other non-current assets | 178 | 177 |
| Current financial liabilities | (42) | (31) |
| Other current liabilities | (126) | (109) |
| Non-current financial liabilities | | |
| Other non-current liabilities | (199) | (198) |
| Equity | 207 | 212 |
| Equity attributable to the owners of the parent | 67 | 68 |
| | | 1 |
| Carrying amount of the equity investment | 67 | 69 |
| Revenue | 27 | 24 |
| Operating costs | (19) | (12) |
| Amortisation, depreciation and impairment losses | (1) | (2) |
| Provisions | 10 | (8) |
| Operating profit | 17 | 2 |
| Financial income | | |
| Financial expense | (1) | (1) |
| Pre-tax profit | 16 | 1 |
| Tax expense | (5) | (2) |
| Profit (loss) for the year | 11 | (1) |
| Other comprehensive income | | |
| Comprehensive income | 11 | 1 |
| Comprehensive income attributable to the owners of the parent | 4 | |
| Dividends received from the group | | |

29. Service concession assets - current and non-current (€3,153 million)

Service concession assets - current and non-current, total €3,153 million (the current portion amounts to €1,599 million) and relate to the production output generated on the infrastructure under concession, mainly motorways, whose reimbursement by the relevant ministries or bodies is pending. At 31 December 2020, this caption amounted to €3,303 million (current portion: €1,412 million).

These assets mainly refer to:

- the agreements entered into with the regions and local bodies (€845 million);
- the measures included in the Government Programme Contracts from 2007 and to 2016-2020 (€855 million);
- the measures financed by long-term grants, CIPE (the Interministerial committee for economic planning) resolutions and the development and cohesion funds (€531 million);
- the measures covered by EU projects (€81 million);
- the measures covered by the three "Bridges", "Viaducts" and "Sblocca Italia" schemes (€120 million);
- the measures financed by the post-earthquake funds and the infrastructure fund (€501 million);
- the measures financed by the Plan for the South funds (€99 million);
- the measures financed by the 2021 Budget Act (€52 million);
- the work concerning the Cortina d'Ampezzo road infrastructure (€7 million);
- the Quadrilatero contract (€7 million);
- other smaller financed measures (€55 million).

The amount, shown net of the IFRS 9 loss allowance (€93 million), substantially comprises the costs incurred by Anas S.p.A., whose reporting and claim for reimbursement has already been submitted to the competent ministries and bodies, and those incurred by said company which will be recognised in the future as they refer to production completed, but not yet paid to contractors. The provision decreased by a net €1 million, following the elimination of potential impairment losses on certain concession assets with local authorities.

The €153 million decrease on 2020 is the combined effect of the reduction in the collections of the year (€1,656 million) and the increase in assets due in connection with the production output of the year (€1,490 million) and the positive impact of the unrealised items of the year (€13 million).

Service concession financial assets are discounted using a 3% rate, which reflects the current borrowing costs of Anas S.p.A.'s loans. The discounted effect is taken to profit or loss as cost.

30. Financial assets (including derivatives) (€1,163 million)

The following table gives a breakdown of financial assets at the 2021 and 2020 year ends:

millions of Euros

| | Carrying amount | | | | | | | | |
|--|-----------------|------------|--------------|--------------|------------|--------------|-------------|--------------|--------------|
| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Hedging derivatives | 6 | | 6 | 10 | | 10 | (4) | | (4) |
| Other equity investments | 434 | | 434 | 422 | | 422 | 12 | | 12 |
| Securities and loans | 37 | | 37 | 40 | | 40 | (3) | | (3) |
| Fifteen-year grants from the MEF | | | | | 504 | 504 | | (504) | (504) |
| Loans | 116 | 11 | 127 | 152 | 12 | 164 | (36) | (1) | (37) |
| Loans with Strada dei Parchi (pursuant to article 7 of Law no. 178/02) | 564 | 180 | 744 | 591 | 118 | 709 | (27) | 62 | 35 |
| Other loans | | 110 | 110 | | 116 | 116 | | (6) | (6) |
| Total | 1,157 | 301 | 1,458 | 1,215 | 750 | 1,965 | (58) | (449) | (507) |
| Loss allowance | (164) | (131) | (295) | (161) | (113) | (274) | (3) | (18) | (21) |
| Total net of the loss allowance | 993 | 170 | 1,163 | 1,054 | 637 | 1,691 | (61) | (467) | (528) |

“Fifteen-year grants from the MEF” have a nil balance in 2021 as a result of the following:

- the €97 million decrease related to the fifteen-year grants pursuant to article 1.84 of the 2006 Finance Act for the implementation of railway investments. They are recognised against the amounts to be used for the loan agreement entered into by the parent with Cassa Depositi e Prestiti and authorised by a specific decree of the MEF. The €97 million decrease on the previous year end is due to the combined effect of the collection of the annual grant pertaining to 2021 (€100 million), offset by the interest accrued on the loan in 2021 (€3 million);
- the €404 million decrease related to the fifteen-year grants pursuant to article 1.964 of the 2007 Finance Act for the continuation of the projects involving the HS/HC system of the Turin-Milan-Naples line. The €404 million decrease on the previous year end is mainly due to the collection of the annual grant pertaining to 2021 (€400 million).

The loan with the operator Strada dei Parchi S.p.A. amounts to €744 million. It is discounted using a 6% rate and is recognised based on the agreement in place between Anas S.p.A., replaced by the MIMS, and Strada dei Parchi S.p.A. and Decree law no. 50/2017, containing emergency financial and earthquake safety measures for the A24 and A25 motorways. During the year, the amount of the loan was raised by €35 million essentially in connection with the VAT invoiced on the 2020 instalment.

Loans, which increased by €37 million, mainly comprise unavailable amounts on bank accounts as a result of attachments made by third party suppliers for unhonoured orders to pay/writs of execution.

Other loans increased by €6 million, mainly in relation to short-term deposits agreed with the former Central Guarantee Fund.

The loss allowance mainly consists of expected credit losses on the loan with Strada dei Parchi S.p.A. (€268 million), which rose by €10 million on the previous year end, mainly due to the updating of the Exposure at default (EAD) assessment. In 2020, the allowance had been determined based on an accurate assessment which increased the credit risk associated with the counterparty, after it failed to pay the 2019 instalment for the concession (which fell due at the end of March 2020). The same assessment was made at the end of 2021. Specifically, an analysis was carried out to determine the rating class based on the estimate of the debtor's interest coverage ratio, which showed that the CCC/C cluster was to be considered, causing a significant increase in the probability of default.

31. Current and non-current trade receivables (€2,976 million)

millions of Euros

| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
|--|-------------|--------------|--------------|-------------|--------------|--------------|-------------|------------|------------|
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Ordinary customers | 3 | 1,657 | 1,660 | 4 | 1,491 | 1,495 | (1) | 166 | 165 |
| Government authorities and other public authorities | 2 | 198 | 200 | 2 | 172 | 174 | | 26 | 26 |
| Foreign railways | | 3 | 3 | | 2 | 2 | | 1 | 1 |
| Railways under concession | | 16 | 16 | | 4 | 4 | | 12 | 12 |
| Agencies and other transport companies | | 21 | 21 | | 14 | 14 | | 7 | 7 |
| Public service contracts: | | | | | | | | | |
| - regions | | 880 | 880 | | 748 | 748 | | 132 | 132 |
| - government | | 353 | 353 | | 294 | 294 | | 59 | 59 |
| Group companies | | 351 | 351 | | 274 | 274 | | 77 | 77 |
| Other | | | | | | | | | |
| Total trade receivables | 5 | 3,479 | 3,484 | 6 | 2,999 | 3,005 | (1) | 480 | 479 |
| Loss allowance | | (697) | (697) | | (690) | (690) | | (7) | (7) |
| Carrying amount | 5 | 2,782 | 2,787 | 6 | 2,309 | 2,315 | (1) | 473 | 472 |
| Contract assets for contract work in progress | | 189 | 189 | | 184 | 184 | | 5 | 5 |
| Loss allowance | | | | | | | | | |
| Carrying amount | | 189 | 189 | | 184 | 184 | | 5 | 5 |
| Total non-current and current trade receivables | 5 | 2,971 | 2,976 | 6 | 2,493 | 2,499 | (1) | 478 | 477 |

Current and non-current trade receivables net of the loss allowance amount to €2,976 million, up €477 million on the previous year end.

Those from ordinary customers are up €165 million mainly due to the following factors: i) the recognition of higher invoices to be issued due to the rise in the revenue from fee integration as per article 19.9-bis of Law no. 102/09 and the concession consideration pursuant to paragraph 1020 of Law no. 296/06, following the increase in motorway traffic compared to the same period of the previous year (+€51 million); ii) the increase in invoices issued and to be issued due to the rise in fees following the recovery of rail traffic (+€86 million) and ART decision no. 88/2021 (+€42 million); iii) the rise in invoices to be issued to the Umbria region in respect of the progress of work on the Ferrovia Centrale Umbra (the Umbria region's main railway) (+€8 million) and to TIM in connection with the granting of the right to use its radio-propagation infrastructure in the national infrastructure tunnels and ancillary services (+€6 million); iv) the reduction in the amounts related to the freight segment following the collection trends of the year (-€25 million).

Amounts due under service contracts show an overall increase of €191 million, mainly due to the portion of the year not yet collected from the MEF (+€59 million) and the regions (+€132 million).

Amounts due from group companies rose by €77 million, mainly as a result of the lease of rolling stock by the associate Tper, which will be settled in early 2022 (+€82 million).

Contract assets for contract work in progress of €189 million reflect the gross amount due from customers for work in progress on contracts for which it incurred costs, plus recorded profits (and less recorded losses), exceeding progress billing. The increase in the year (+€5 million) is substantially due to the rise in the costs incurred for works on roads that are not under concession, pending reimbursement by the granting bodies (+€15 million), offset by the increase in progress billing based on the progress of work on the railway infrastructure (-€6 million).

The following table gives a breakdown of non-current and current trade receivables, including contract assets for contract work in progress, by geographical segment:

| | millions of Euros | | |
|---|-------------------|-------------------|----------------|
| | 31.12.2021 | 31.12.2020 | Changes |
| Italy | 3,460 | 2,987 | 473 |
| Eurozone countries | 134 | 118 | 16 |
| United Kingdom | 21 | 6 | 15 |
| Other European countries (EU, non-Euro) | 2 | 2 | |
| Other non-EU European countries | 21 | 22 | (1) |
| United States | | | |
| Other countries | 35 | 54 | (19) |
| Total | 3,673 | 3,189 | 484 |

32. Other non-current and current assets (€9,916 million)

They can be analysed as follows:

millions of Euros

| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
|--|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Other assets from group companies | 44 | 4 | 48 | 94 | 16 | 110 | (50) | (12) | (62) |
| VAT assets | 24 | 18 | 42 | 24 | 15 | 39 | | 3 | 3 |
| MEF | 2,664 | 726 | 3,390 | 3,035 | 794 | 3,829 | (371) | (68) | (439) |
| MIMS | 668 | 3,070 | 3,738 | 688 | 1,092 | 1,780 | (20) | 1,978 | 1,958 |
| Grants related to assets from the EU, other Ministries and other | | 110 | 110 | | 97 | 97 | | 13 | 13 |
| Government for litigation | 719 | | 719 | 854 | 1 | 855 | (135) | (1) | (136) |
| Other government authorities | | 422 | 422 | | 274 | 274 | | 148 | 148 |
| Sundry assets and prepayments and accrued income | 147 | 1,407 | 1,554 | 88 | 1,258 | 1,346 | 59 | 149 | 208 |
| Total | 4,266 | 5,757 | 10,023 | 4,783 | 3,547 | 8,330 | (517) | 2,210 | 1,693 |
| Loss allowance | (12) | (95) | (107) | (13) | (97) | (110) | 1 | 2 | 3 |
| Total net of the loss allowance | 4,254 | 5,662 | 9,916 | 4,770 | 3,450 | 8,220 | (516) | 2,212 | 1,696 |

Other assets from group companies decreased by €62 million mainly as a result of the reduction in the amounts due from operators, specifically Sita S.p.A. (€50 million for the repayment plans of the Central Guarantee Fund) and the collection of the amount due from Sita S.p.A. in liquidation (€10 million), following the successful outcome of the ruling against the Basilicata Region for local urban and suburban transport services and the coverage of the operating deficits for the years from 1987 to 1993.

The amounts due from the MEF and the MIMS, totalling €7,128 million, are mainly related to:

- grants earmarked for FS Italiane S.p.A. (€2,304 million) for the Tunnel Euralpin Lyon Turin - TELF (formerly Lyon Turin Ferroviarie - LFT) project;
- MIMS grants earmarked for Ferrovie del Sud Est e Servizi Automobilistici - FSE S.r.l. to ensure its business continuity (€70 million) pursuant to article 1.867 of Law no. 208 of 28 December 2015 (the "2016 Stability Act");
- MIMS grants earmarked for Grandi Stazioni Rail S.p.A. for the "Grandi Stazioni" scheme and to redevelop and improve the safety and accessibility of large railway stations and enhancing interchange between the rail and other transport systems (€111 million);
- MIMS grants earmarked for Mercitalia Logistics S.p.A. and Mercitalia Intermodal S.p.A. (€10 million) pursuant to Decree law no. 34/2020, converted by Law no. 77 of 17 July 2020 (Incentives to promote intermodality - Ferrobonus);
- MEF grants earmarked for Anas S.p.A. (€30 million) to guarantee road safety and coverage of the costs of monitoring, surveillance, management, supervision, infomobility and maintenance of the roads included in the network of national

interest, transferred from the Piedmont, Lombardy, Veneto, Emilia Romagna and Tuscany regions to Anas S.p.A. pursuant to Law decree no. 73/2021, converted into Law no. 106 of 23 July 2021;

- grants earmarked for RFI S.p.A. (€3,775 million);
- non-recurring grants related to the epidemiological emergency caused by Covid-19 and not yet collected at 31 December 2021 (€828 million).

Total MEF and MIMS non-recurring grants earmarked for the FS Italiane group, recognised in profit or loss and already collected in part, amount to €941 million and may be analysed as follows:

- MIMS grant earmarked for Trenitalia S.p.A. (€460 million) to support companies operating passenger rail transport services not subject to public service obligations pursuant to article 214.3-7 of Decree law no. 34/2020, converted by Law no. 77 of 17 July 2020, and article 1.675-678 of the 2021 Budget Act (Law no. 178 of 30 December 2020). These grants were recognised after the adoption of Decision C (2022) 1423 of 2 March 2022 of the European Commission;
- MIMS grant earmarked for Trenitalia S.p.A. (€89 million) and the Busitalia group (€14 million) to support the local and regional public passenger transport sector subject to public service obligations pursuant to Decree law no. 34/2020, Decree law no. 104/2020, Decree law no. 137/2020, the 2021 Budget Act (Law no. 178/2020), Decree law no. 41/2021 and Decree law no. 73/2021. The grants disbursed to the Busitalia group companies are transferred through the regions; therefore, they are shown under "Other government authorities";
- MEF grant earmarked for Anas S.p.A. (€78 million) to offset the decrease in revenue for the year due to the reduction in motorway traffic caused by the epidemiological emergency pursuant to article 25.2-ter of Decree law no. 4/2020 and article 214 of Decree law no. 34/2020, converted with Law no. 77 of 17 July 2020. The change introduced by Decree law no. 34/2020 is due to the rescheduling (time and amount) of the repayment of the asset recognised in the previous year and the recognition of the reversal related to the discounted amount recognised in 2020 (€12 million);
- MIMS grant earmarked for RFI S.p.A. (€300 million) to reduce the fee to access the railway infrastructure and to offset the lower revenue from the reduction in traffic volumes compared to those envisaged in the 2016-2021 regulatory plan and covering the period between 1 January 2021 and 30 April 2021, following the ongoing pandemic crisis pursuant to article 1.679-680 of the 2021 Budget Act (Law no. 178/2020) and article 73.4 of Decree law no. 73/2021, converted into Law no. 106 of 23 July 2021.

The table below shows the changes in total grants (including the portion related to the epidemiological emergency):

| millions of Euros | | | | | |
|--|-------------------------------|---------------|----------------|---------------|-------------------------------|
| Grants to the FS Italiane group | Carrying amount at 31.12.2020 | Increases | Decreases | Other changes | Carrying amount at 31.12.2021 |
| Grants related to income: | | | | | |
| MEF | 151 | 1,174 | (1,066) | | 259 |
| MIMS | 507 | 1,007 | (467) | (412) | 635 |
| Total grants related to income | 658 | 2,181 | (1,533) | (412) | 894 |
| Grants related to assets: | | | | | |
| MEF | 3,678 | 6,559 | (7,106) | | 3,131 |
| MIMS | 1,203 | 2,319 | (492) | 3 | 3,033 |
| Total grants related to assets | 4,881 | 8,878 | (7,598) | 3 | 6,164 |
| Capital injections: | | | | | |
| MIMS | 70 | | | | 70 |
| Total grants to the FS Italiane group | 5,609 | 11,059 | (9,131) | (409) | 7,128 |

Grants related to income

The following were recognised in 2021:

- €1,066 million from the MEF, mainly in relation to the Government Programme Contract. These amounts were granted using the chapter 1541 funds according to the allocations in the 2021 Budget Act (Law no. 178 of 30 December 2020). The recognised grants have been collected in full;
- €30 million from the MEF to guarantee road safety and cover the costs of monitoring, surveillance, operation, supervision, infomobility and maintenance of the roads included in the network of national interest, transferred from the Piedmont, Lombardy, Veneto, Emilia Romagna and Tuscany regions pursuant to Law decree no. 73/2021, converted into Law no. 106 of 23 July 2021;
- €123 million from the MIMS relating to grants for freight for 2021 (€100 million), passenger transport in the Messina Strait (€6 million) and the incentives to promote intermodality (Ferrobonus) (€17 million);
- additional €78 million and €884 million from the MEF and the MIMS, respectively, relating to grants earmarked for group companies to deal with the ongoing Covid-19 epidemiological emergency as described in detail in this section. During the year, €298 million was collected from the MIMS. Finally, with respect to the amount recognised in profit or loss in 2021, as part of the resources allocated to support local public transport and pending final allocation, Trenitalia S.p.A. recognised additional grants from the MIMS (€35 million) related to the portion not yet recognised of the resources allocated to support the sector (MIMS/MEF interministerial decree no. 546/2021 of 31 December 2021).

The other changes column (€412 million) shows the completion of the factoring without recourse carried out by RFI S.p.A. and Trenitalia S.p.A. on 23 December 2021 which involved part of the above-mentioned non-recurring grants disbursed by the MIMS to cope with the Covid-19 epidemiological emergency. These amounts were recognised in 2020 and are subject to a 15-year collection plan.

Grants related to assets

The following grants were recognised in 2021:

- €6,559 million from the MEF, mainly in relation to the Government Programme Contract. These amounts were granted for investments and extraordinary maintenance to develop and update railway infrastructure, as established by the 2014 Stability Act, the 2022 Budget Act, Decree law no. 59/2021 and Decree law no. 73/2021 and refinanced under the 2015 Stability Act. This caption also includes the additional allocations for operating plans 2, 4, 5, 7, 9, 10 and 11 for the 2022-24 three-year period under chapter 7122, covering both work performed and advances disbursed during the year;
- €2,319 million from the MIMS for grants related to assets related to the HS/HC Milan - Genoa - Giovi third railway pass, the connection to the Orte-Falconara railway line and the infrastructure works in view of the 2026 Milan-Cortina Winter Olympics (upgrading, level crossing elimination and station renovation), in addition to €2,007 million related to the construction of the Turin-Lyon railway line.

With respect to the MIMS's capital injections, the amount which ensures the business continuity of Ferrovie del Sud Est e Servizi Automobilistici – FSE S.r.l., equal to €70 million, is unchanged in 2021.

During the year, €7,598 million was collected in total.

The grants related to assets recognised as amounts due from the MEF and the MIMS as per the Government Programme Contract mostly refer to work not yet performed. Accordingly, they have a balancing entry in liabilities under payments on account.

Grants related to assets from the EU, other Ministries and ordinary customers of €110 million include grants received from the European Union, other Ministries and other bodies. The €13 million increase is essentially due to the grants disbursed by the Puglia region for investment projects in favour of FSE S.r.l. (€11 million).

The amounts from the government for litigation of €719 million cover disputes in connection with works that are deemed probable and relate to projects financed by grants for which, unlike investments against a consideration, the risk of additional costs no longer lies with Anas S.p.A.. The €136 million decrease refers to an adjustment following the annual estimate of the dispute and the amounts collected from the government to ease the dispute (€45 million).

Other government authorities increased by €148 million on the previous year, mainly due to greater amounts from Cassa per i Servizi Energetici e Ambientali (CSEA, the energy and environmental service fund), following the rise in energy prices during the year (€120 million) and greater amounts from the regions and local bodies related to the road infrastructure (€28 million). This caption also includes the amount not yet collected of the above-mentioned non-recurring grants to Busitalia group companies in respect of the ongoing epidemiological emergency.

Sundry assets and prepayments and accrued income increased by €208 million on 2020 mainly due to higher advances to local bodies for works (€215 million), higher prepayments and accrued income of a real estate and IT nature (€9 million), lower amounts from social security institutions, mainly related to INAIL (national institute for insurance against accidents at work) premium payments made during the year and post-employment benefits paid in advance to employees (-€13 million) and the net decrease in other sundry assets (-€3 million).

The following table gives a breakdown of other non-current and current assets by geographical segment:

millions of Euros

| | 31.12.2021 | 31.12.2020 | Changes |
|---|---------------|--------------|--------------|
| Italy | 9,755 | 8,142 | 1,613 |
| Eurozone countries | 157 | 164 | (7) |
| United Kingdom | 97 | 15 | 82 |
| Other European countries (EU, non-Euro) | 1 | 1 | |
| Other non-EU European countries | 6 | 4 | 2 |
| Other countries | 7 | 4 | 3 |
| Total | 10,023 | 8,330 | 1,693 |

33. Inventories (€2,251 million)

This caption can be analysed as follows:

millions of Euros

| | 31.12.2021 | 31.12.2020 | Changes |
|---|--------------|--------------|-------------|
| Raw materials, consumables and supplies | 1,672 | 1,788 | (116) |
| Allowance for inventory write-down | (161) | (230) | 69 |
| Carrying amount | 1,511 | 1,558 | (47) |
| Work in progress and semi-finished products | 2 | 2 | |
| Allowance for inventory write-down | | | |
| Carrying amount | 2 | 2 | |
| Finished products and goods | 1 | 1 | |
| Allowance for inventory write-down | | | |
| Carrying amount | 1 | 1 | |
| Retired assets to be sold | 1 | 1 | |
| Allowance for inventory write-down | (1) | (1) | |
| Carrying amount | | | |
| Land and buildings held for trading | 1,006 | 1,015 | (9) |
| Allowance for inventory write-down | (269) | (269) | |
| Carrying amount | 737 | 746 | (9) |
| Total inventories | 2,251 | 2,307 | (56) |

Raw materials, consumables and supplies comprise the inventories to be used in investments, superstructure material, electrical systems, navigation equipment and maintenance materials. The €47 million decrease is the combined effect of lower purchases, and the corresponding consumption, of materials for infrastructure (€116 million), net of the allowance for inventory write-down (€69 million) relating to obsolete materials that are no longer useful for maintenance and to spare parts and components involved in a one-off disposal/scraping campaign covered by the allowance for inventory write-down.

Land and buildings held for trading refer to the group's properties which will be sold. The €9 million decrease is due to the sales of the year (€18 million), including those related to the department building in Trieste (€9.5 million) and the Milano Rogoredo terminal areas (€5 million), net of the write-downs which brought the carrying amount of the assets into line with the related market value (€3 million) and the reclassifications from investment property (€6 million) relating to properties included in sales plans.

34. Cash and cash equivalents (€2,145 million)

They can be analysed as follows:

| | millions of Euros | | |
|--|-------------------|--------------|------------|
| | 31.12.2021 | 31.12.2020 | Changes |
| Bank and postal accounts | 1,109 | 715 | 394 |
| Cheques | 2 | | 2 |
| Cash and cash on hand | 63 | 79 | (16) |
| Cash pooling accounts | 972 | 477 | 495 |
| Total | 2,146 | 1,271 | 875 |
| Loss allowance | (1) | (1) | |
| Total net of the loss allowance | 2,145 | 1,270 | 875 |

At 31 December 2021, cash and cash equivalents rose mainly as a result of the €316 million increase in bank and postal accounts related to the cash pooling account, while the residual increase is due to the greater amounts collected during the year and recognised in this caption, in addition to the cash pooling accounts which hold the payments made by the MEF for the Government Programme Contract and other EU grants.

For a breakdown of the changes in the balance, reference should be made to the statement of cash flows.

35. Tax assets (€100 million)

Tax assets amount to €100 million at 31 December 2021 (31 December 2020: €104 million) and relate to prior year income tax assets and foreign withholding taxes.

36. Equity attributable to the owners of the parent (€41,385 million)

Changes in the main equity captions in 2021 and 2020 are shown in the statement of changes in equity.

Share capital

At 31 December 2021, the parent's share capital, fully subscribed and paid up by the sole shareholder, the MEF, was made up of 39,204,173,802 ordinary shares, with a par value of €1 each, for a total of €39,204 million.

Legal reserve

The legal reserve of €67 million rose to the extent related to the profit of the parent allocated to this caption.

Translation reserve

The translation reserve is negative by €7 million and reflects the changes in exchange rates during the year (-€12 million on the previous year end).

Hedging reserve

The hedging reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedges relating to transactions that have not yet taken place and the portion of the cumulated reserve with previous financial instruments in relation to which, in 2012, the counterparties exercised the contractually-permitted early termination option. At 31 December 2021, this reserve was negative by €1 thousand (31 December 2020: negative by €39 million) essentially due to the fair value measurement of hedging instruments at the reporting date (increase of €30 million) and the release of the portion of the year following the above-mentioned early termination of contracts (increase of €8 million).

Actuarial reserve

The actuarial reserve, which includes the effects of actuarial gains and losses on post-employment benefits and the Free Travel Card, is a negative €422 million at the reporting date (31 December 2020: negative by €374 million).

Retained earnings

Retained earnings of €2,350 million substantially refer to the retained earnings and losses carried forward of the consolidated companies and prior year consolidation adjustments. Other changes (-€35 million) essentially reflect the under-common-control transaction whereby FNM S.p.A. took control over Milano Serravalle – Milano Tangenziali S.p.A. (-€40 million).

Other comprehensive income (net of the tax)

The statement of comprehensive income, to which reference should be made, shows other comprehensive income net of the tax effect.

37. Equity attributable to non-controlling interests (€161 million)

The following table shows the financial highlights of each subsidiary with significant non-controlling interests for the group, before intragroup eliminations. Consequently, these figures match the information provided by these companies in their financial statements.

millions of Euros

| | Grandi Stazioni Immobiliare S.p.A. | Terminal Alptransit S.r.l. | Mercitalia Intermodal S.p.A. | Tunnel Ferroviario del Brennero S.p.A. | Other subsidiaries which are not individually material | Eliminations/ Adjustments | Total |
|--|------------------------------------|----------------------------|------------------------------|--|--|---------------------------|------------|
| Balances at 31.12.2021 | | | | | | | |
| Non-controlling interests (%) | 40% | 42% | 46.72% | 10.14% | | | |
| Current assets | 9 | 6 | 68 | 8 | | | |
| Non-current assets | 51 | 17 | 61 | 1,010 | | | |
| Current liabilities | (21) | (7) | (95) | | | | |
| Non-current liabilities | (5) | | (4) | | | | |
| Net assets | 33 | 16 | 30 | 1,018 | | | |
| Net assets pertaining to non-controlling interests | 13 | 7 | 14 | 103 | 25 | (1) | 161 |
| Revenue | 6 | 2 | 194 | | | | |
| Profit (loss) for the year | (1) | 1 | (3) | | | | |
| Other comprehensive income | | | | | | | |
| Comprehensive income (expense) | (1) | 1 | (3) | | | | |
| Profit (loss) attributable to non-controlling interests | | | (1) | | | | (1) |
| Other comprehensive income attributable to non-controlling interests | | | | | | | |
| Net cash flows generated by operating activities | | | 7 | | | | |
| Net cash flows used in investing activities | | (1) | (6) | (30) | | | |
| Net cash flows generated by (used in) financing activities | | | (8) | 30 | | | |
| Total net cash flows for the year | | | (6) | | | | |
| Dividends paid to non-controlling interests | | | | | | | |

millions of Euros

| | Grandi Stazioni Immobiliare S.p.A. | SITAF S.p.A. | Terminal Alptransit S.r.l. | Mercitalia Intermodal S.p.A. | Tunnel Ferroviario del Brennero S.p.A. | Other subsidiaries which are not individually material | Eliminations/ Adjustments | Total |
|---|------------------------------------|--------------|----------------------------|------------------------------|--|--|---------------------------|--------------|
| Balances at 31.12.2020 | | | | | | | | |
| Non-controlling interests (%) | 40% | 48.91% | 42% | 46.72% | 10.26% | 0% | | |
| Current assets | 9 | | 5 | 85 | 8 | | | 314 |
| Non-current assets | 52 | | 16 | 64 | 980 | | | 109 |
| Current liabilities | (21) | | (2) | (111) | | | | (213) |
| Non-current liabilities | (6) | | (4) | (5) | | | | (100) |
| Net assets | 34 | | 15 | 33 | 988 | | | 110 |
| Net assets pertaining to non-controlling interests | 14 | | 6 | 16 | 101 | | 21 | 4 162 |
| Revenue | 6 | 183 | | 196 | | | | 252 |
| Profit (loss) for the year | (2) | 18 | (1) | (4) | | | | 5 |
| Other comprehensive expense | | (5) | | | | | | |
| Comprehensive income (expense) | (2) | 13 | (1) | (4) | | | | 5 |
| Profit (loss) attributable to non-controlling interests | (1) | 9 | | (2) | | | 2 | 8 |
| Other comprehensive expense attributable to non-controlling interests | | (2) | | | | | | |
| Net cash flows generated by operating activities | 1 | | | 13 | | | | (24) |
| Net cash flows used in investing activities | (1) | | (1) | (19) | (190) | | | 6 |
| Net cash flows generated by financing activities | | | | 9 | 160 | | | 9 |
| Total net cash flows for the year | | | (1) | 3 | (30) | | | (9) |
| Dividends paid to non-controlling interests | | | | | | | | |

The balance of €161 million at 31 December 2021 shows a €1 million decrease on the previous year end (€162 million), mainly due to the capital increase of Tunnel Ferroviario del Brennero – Società di partecipazioni S.p.A. and the loss for the year.

38. Non-current and current loans and borrowings (€11,674 million)

This caption totals €11,674 million and can be analysed as follows:

millions of Euros

| Non-current loans and borrowings, net of the current portion | Carrying amount | | |
|--|-----------------|--------------|--------------|
| | 31.12.2021 | 31.12.2020 | Changes |
| Bonds | 7,033 | 5,936 | 1,097 |
| Bank loans and borrowings | 1,846 | 1,765 | 81 |
| Loans and borrowings from other financial backers | 22 | 32 | (10) |
| Total | 8,901 | 7,733 | 1,168 |

millions of Euros

| Current loans and borrowings and current portion of non-current loans and borrowings | Carrying amount | | |
|--|-----------------|---------------|----------------|
| | 31.12.2021 | 31.12.2020 | Changes |
| Bonds (current portion) | 499 | 615 | (116) |
| Bank loans and borrowings (current portion) | 2,264 | 3,086 | (822) |
| Loans and borrowings from other financial backers (current portion) | 11 | 131 | (120) |
| Total | 2,774 | 3,832 | (1,058) |
| Total loans and borrowings | 11,675 | 11,565 | 110 |

“Bonds” at 31 December 2021 comprise:

- thirteen bonds issued by the parent and fully subscribed by the Swiss investee, Eurofima SA (private placement), totalling €1,975 million. The aim of these bonds (up to 2012) was to finance the investments as part of the plan to renew and upgrade rolling stock. Repayment will take place in one instalment at the maturity date. They are not listed on “official markets”, domestic or foreign stock exchanges, cannot be traded and will remain with Eurofima’s financial statements as the sole holder. They may be analysed as follows:

millions of Euros

| EUROFIMA series | Date of issue | Amount of the issue | Carrying amount at 31.12.2021 | Date of maturity |
|-----------------|---------------|---------------------|-------------------------------|------------------|
| 13 | 15/05/2006 | 190 | 190 | 15/05/2026 |
| 14 | 15/05/2006 | 100 | 100 | 15/05/2026 |
| 15 | 23/04/2007 | 129 | 129 | 30/03/2027 |
| 16 | 19/04/2007 | 116 | 116 | 15/05/2026 |
| 17 | 19/04/2007 | 120 | 120 | 30/03/2022 |
| 18 | 22/05/2007 | 122 | 122 | 22/05/2024 |
| 19 | 22/05/2007 | 66 | 66 | 30/03/2027 |
| 26 | 20/12/2012 | 42 | 42 | 08/07/2025 |
| 27 | 19/12/2019 | 200 | 200 | 10/10/2034 |
| 28 | 12/03/2020 | 200 | 200 | 10/10/2034 |
| 29 | 30/06/2020 | 200 | 200 | 20/05/2030 |
| 30 | 31/07/2020 | 240 | 240 | 10/10/2034 |
| 31 | 19/04/2021 | 250 | 250 | 23/04/2041 |
| Total | | 1,975 | 1,975 | |

- seventeen tranches, for a total of €5,533 million, of the bonds related to the Euro Medium Term Notes Programme placed by FS Italiane S.p.A. on the Dublin Stock Exchange between 2013 and 2018. Specifically, tranches 7, 10 and 17 are green bonds issued as part of the Green Bond Framework set up by FS Italiane S.p.A. in 2017 and tranches 3, 8 and 14 are private placements entirely subscribed by the European Investment Bank. They may be analysed as follows:

millions of Euros

| EMTN series | Date of issue | Amount of the issue | Carrying amount at 31.12.2021 | Coupon | Date of maturity |
|--------------|---------------|---------------------|-------------------------------|---------------------|------------------|
| 2 | 13/12/2013 | 600 | | 3.50% | 13/12/2021 |
| 3 | 12/01/2016 | 300 | 300 | 6M Euribor + 1.15% | 31/12/2025 |
| 4 | 18/07/2016 | 350 | 350 | 6M Euribor + 0.70% | 18/07/2022 |
| 5 | 25/07/2016 | 50 | 50 | 1.65% | 25/07/2031 |
| 6 | 28/06/2017 | 1,000 | 998 | 1.50% | 27/06/2025 |
| 7 | 07/12/2017 | 600 | 600 | 0.88% | 07/12/2023 |
| 8 | 21/12/2017 | 100 | 100 | 6M Euribor + 0.78% | 21/12/2025 |
| 9 | | | | 6M Euribor + 0.982% | |
| 10 | 26/03/2018 | 200 | 200 | 1.12% | 26/03/2030 |
| 11 | 09/07/2019 | 700 | 700 | 1.04% | 09/07/2026 |
| 12 | 07/08/2019 | 100 | 100 | 1.04% | 07/08/2029 |
| 13 | 23/12/2019 | 140 | 140 | 6M Euribor + 0.90% | 23/12/2029 |
| 14* | 23/12/2019 | 190 | 190 | 6M Euribor + 0.52% | 23/06/2024 |
| 15 | | | | 6M Euribor + 0.984% | |
| 16 | 31/07/2020 | 150 | 131 | 0.984% | 31/07/2032 |
| 17 | 04/12/2020 | 250 | 250 | 0.64% | 04/12/2030 |
| 18 | 15/12/2020 | 80 | 80 | 0.00% | 15/12/2023 |
| 19 | 25/03/2021 | 1,000 | 994 | 0.38% | 25/03/2028 |
| 20 | | | | 6M Euribor + 0.304% | |
| 21 | 23/12/2021 | 350 | 350 | 0.304% | 23/12/2038 |
| Total | | 6,160 | 5,533 | | |

* amortising repayment plan.

- the accrued interest on the above bonds recognised in 2021 for a total of €20 million.

In 2021, the amount of bonds (both current and non-current) increased by €981 million as the combined effect of the two new tranches of the bonds related to the Euro Medium Term Notes Programme (€1,350 million) and the new Eurofima bond (€250 million) and the repayments of the first bond issue under the Euro Medium Term Notes Programme for €613 million.

Bank loans and borrowings (both current and non-current) decreased by €741 million mainly as the combined and opposing effect of the following:

- the €918 million decrease in current funding;
- the €147 million decrease in current account overdrafts;
- the repayments of loan principal (€433 million), financed by the EIB and Intesa Sanpaolo, to purchase new rolling stock for medium and long-haul transport and regional transport;
- the repayments of loan principal (€14 million), financed by Banco di Sardegna, related to the compensation for the termination of the agreement in place with Tunnel Gest S.p.A;
- the €17 million decrease for the ordinary performance of the loan transactions carried by the group;
- the agreement of loans of €700 million with Unicredit and Intesa San Paolo;
- the €88 million increase due to factoring and confirming transactions.

Loans and borrowings from other financial backers (both current and non-current) decreased by €130 million, mainly due to the repayment of principal and interest of CPD and Targeted Longer Term Refinancing Operations - TLTRO.

The table below analyses net financial debt at the reporting date compared to that at 31 December 2020:

millions of Euros

| Net financial debt | 31.12.2021 | 31.12.2020 | Change |
|---|-------------------|-------------------|----------------|
| Net current financial (position) debt | (352) | 1,106 | (1,458) |
| Cash pooling accounts | (972) | (477) | (495) |
| Fifteen-year grants from the MEF | | (504) | 504 |
| Loans and borrowings from other financial backers | 11 | 131 | (120) |
| Bank loans and borrowings | 2,264 | 3,086 | (822) |
| Bonds | 499 | 615 | (116) |
| Concession assets | (1,599) | (1,412) | (187) |
| Contract advances | 577 | 430 | 147 |
| Current financial liabilities | 152 | 140 | 12 |
| Other | (1,284) | (903) | (381) |
| Net non-current financial position | 9,239 | 7,787 | 1,452 |
| Fifteen-year grants from the MEF | | | |
| Loans and borrowings from other financial backers | 22 | 32 | (10) |
| Bank loans and borrowings | 1,846 | 1,765 | 81 |
| Bonds | 7,033 | 5,936 | 1,097 |
| Concession assets | (1,554) | (1,891) | 337 |
| Contract advances | 1,171 | 1,215 | (44) |
| Non-current financial liabilities | 572 | 635 | (63) |
| Other | 149 | 95 | 54 |
| Total | 8,887 | 8,893 | (6) |

Pursuant to the amendments to IAS 7, the reconciliation between the total changes in financial assets and liabilities broken down by monetary and non-monetary items is given below:

millions of Euros

| | 31.12.2020 | Monetary items (statement of cash flows) | Change in consolidation | Non-monetary items | | | 31.12.2021 |
|---|---------------|---|-------------------------|--------------------|-----------------|-------------|---------------|
| | | | | Effects of IFRS 16 | Hedging reserve | Other | |
| Disbursement and repayment of current and non-current loans | 11,565 | 107 | | | | 2 | 11,674 |
| Change in other financial assets | (1,691) | 557 | | | (4) | (24) | (1,162) |
| Change in other financial liabilities | 1,538 | (166) | | 125 | (18) | 1 | 1,480 |
| Total | 11,412 | 498 | | 125 | (22) | (21) | 11,992 |

39. Post-employment benefits and other employee benefits (Free Travel Card) (€1,030 million)

millions of Euros

| | 2021 | 2020 |
|--|--------------|--------------|
| Present value of post-employment benefit obligations | 887 | 1,005 |
| Present value of Free Travel Card obligations | 55 | 57 |
| Present value of other employee benefit obligations | 88 | 11 |
| Total present value of obligations | 1,030 | 1,073 |

Changes in the present value of liabilities for defined benefit obligations are shown in the table below.

millions of Euros

| | 2021 | 2020 |
|--|--------------|--------------|
| Defined benefit obligations at 1 January | 1,073 | 1,221 |
| Service costs | 2 | 9 |
| Interest cost (*) | 1 | 2 |
| Actuarial losses recognised in equity | 48 | 43 |
| Advances, utilisations and other changes | (94) | (202) |
| Total defined benefit obligations | 1,030 | 1,073 |

(*) through profit or loss

Actuarial assumptions

The main assumptions for the actuarial estimate process are described below:

| | 2021 | 2020 |
|---|---|---------|
| Discount rate (post-employment benefits) | 0.38% | (0.06)% |
| Discount rate (Free Travel Card) | 0.98% | 0.70% |
| Annual increase rate of post-employment benefits | 2.81% | 2.40% |
| Inflation rate (post-employment benefits) | 1.75% | 1.20% |
| Inflation rate (Free Travel Card) | 1.75% | 1.20% |
| Expected turnover rate for employees - post-employment benefits | 3.38% | 3.40% |
| Expected turnover rate for employees - Free Travel Card | 3.10% | 3.10% |
| Expected rate of advances | 1.96% | 1.97% |
| Probability of death | RG48 mortality rate published by the General Accounting Office | |
| Disability | INPS tables broken down by gender and age | |
| Retirement age | 100% upon meeting the Compulsory general insurance requirements | |

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in the present value of liabilities for defined benefit obligations, following reasonably possible changes in actuarial assumptions.

The last table shows the average duration of the defined benefit obligations and the disbursements provided by the plan.

millions of Euros

| | Post-Employment Benefits | Free Travel Card | Other employee benefits |
|-----------------------|--------------------------|------------------|-------------------------|
| Inflation rate +0.25% | 888 | 56 | |
| Inflation rate -0.25% | 918 | 54 | |
| Discount rate +0.25% | 912 | 54 | |
| Discount rate -0.25% | 894 | 57 | |
| Turnover rate +1% | 897 | | |
| Turnover rate -1% | 909 | | |
| Plan duration | 6 | 20 | |
| Payment - first year | 98 | 4 | |
| Payment - second year | 81 | 4 | |
| Payment - third year | 103 | 4 | |
| Payment - fourth year | 99 | 4 | |
| Payment - fifth year | 83 | 3 | |

40. Provisions for risks and charges (€2,423 million)

The opening and the closing balances of, and changes in, the provisions for risks and charges for 2021 are given below, indicating the current and non-current portions.

millions of Euros

| Provisions for risks and charges | 31.12.2020 | Accruals | Utilisations and other changes | Release of excess provisions | 31.12.2021 |
|----------------------------------|--------------|------------|--------------------------------|------------------------------|--------------|
| Tax provision | 12 | | | | 12 |
| Other provisions | 2,425 | 462 | (189) | (300) | 2,398 |
| Total non-current portion | 2,437 | 462 | (189) | (300) | 2,410 |

millions of Euros

| Current portion of provisions for risks and charges | 31.12.2020 | Accruals | Utilisations and other changes | 31.12.2021 |
|---|------------|-----------|--------------------------------|------------|
| Other provisions | 18 | 13 | (18) | 13 |
| Total current portion | 18 | 13 | (18) | 13 |

Other provisions are broken down below.

The bilateral fund for income assistance, set up for proactive income and employment assistance, amounts to €127 million. It was unchanged during the year.

The provision for leaving incentives amounts to €35 million. It increased by €25 million during the year to cover the costs incurred for the change management processes and the rationalisation of the group's production structure, and was used by €1 million.

The provision for litigation with employees, which covers the probable charges arising from pending disputes and cases brought before the competent courts in respect of economic and career claims and compensation for occupational illness, amounts to €73 million. In 2021, a total of €16 million was accrued. The provision was used for a total of €23 million to cover the social security contribution charges and costs related to disputes with personnel.

The provisions for litigation with third parties of €1,558 million were accrued to cover probable charges arising from the pending disputes with suppliers for subcontracting, services and supplies, the potential dispute for suppliers' claims and the charges prudently provided for probable disputes with the regions and the government about the quality of the transport services rendered as part of the public service contracts. These provisions, with several income statement balancing entries and the caption amounts due from the government for litigation, as shown in note 32 - Other current and non-current assets, were adjusted by approximately €232 million in 2021; specifically, they were used to settle disputes with an unfavourable outcome for the group and pay penalties to customers and the regions (approximately €83 million), and released to reflect the smaller needs related to some pending disputes and the favourable outcome of some disputes (roughly €260 million).

The provision accrued to cover the charges related to the reclamation of polluted sites and the enhancement of works to be sold amounts to €61 million. €5 million was used during the year to cover the reclamation charges incurred.

Other provisions of approximately €544 million include prior-year accruals mainly for maintenance, workshop expense, contract charges and expense related to buildings held for trading and disputes with agents. During the year, the group accrued €202 million for probable future risks and charges. It also released €40 million to profit or loss due to smaller-than-expected requirements for pending contractual disputes and used €104 million essentially to cover charges related to contractual obligations. €84 million of the provision accrued by Trenitalia c2c in 2020 to cover the potentially onerous contract with the UK DfT was used.

41. Contract advances - non-current and current (€1,748 million)

Contract advances - non-current and current, totalling €1,784 million (current portion: €577 million; 31 December 2020: €1,645 million and current portion: €431 million), refer to portion of grants already collected for works still to be performed related to Anas S.p.A..

This caption mainly comprises advances related to prior year grants, such as the residual amounts pursuant to article 7 of Law no. 178/2002, 2003-2005 capital injections, former FAS and Funds for development and cohesion, which were not required to be reported prior to collection. The advances relate to works not yet performed and scheduled over the next few years and works in progress which resulted in bidding discounts and economies pending their utilisation in the work or their use in other programmes, after discussion with the competent ministries. The caption also includes extraordinary maintenance yet to be performed and financed using the portion of revenue from fee integration as per article 19.9-bis of Law no. 102/09, which was suspended until 2016 (€82 million).

The €102 million increase on the previous year end is mainly due to new advances (€453 million), the increase in fully-financed works not scheduled in 2019 for which the approval process started in 2020 (€3 million), the decrease in prior year advances due to the production of the year, net of progress payments (-€350 million) and the effect of discounting (net of prior year reversals) (-€4 million).

42. Other non-current and current liabilities (including derivatives) (€1,517 million)

millions of Euros

| | Carrying amount | | | | | | | | |
|-----------------------------|-----------------|------------|--------------|--------------|------------|--------------|-------------|-----------|-------------|
| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Financial liabilities | | | | | | | | | |
| Hedging derivatives | 9 | 2 | 11 | 20 | 6 | 26 | (11) | (4) | (15) |
| Lease liabilities | 572 | 152 | 724 | 635 | 140 | 775 | (63) | 12 | (51) |
| Other financial liabilities | 723 | 59 | 782 | 726 | 23 | 749 | (3) | 36 | 33 |
| Total | 1,304 | 213 | 1,517 | 1,381 | 169 | 1,550 | (77) | 44 | (33) |

Hedging derivatives essentially reflect the total of interest rate swaps, interest rate collars, forward rate agreements and fair value hedges, calculated using standard market valuation techniques (at fair value) in accordance with IFRS 13. They were entered into by the FS Italiane group companies to hedge non-current loans at variable rates and interest rates. The €15 million decrease is due to the fair value losses on hedging derivatives.

Lease liabilities amount to €724 million and are down by €51 million essentially as a result of the combined effect of the new lease liabilities recognised (€95 million), the financial expense of the year (€23 million), the payments of the year (177 million) and the significant change in the pound sterling which had a positive impact on foreign currency contracts (€4 million).

There are no extension options on leases that the group reasonably expects to exercise.

The decrease in other financial liabilities is mainly due to the combined effect of the loan with TPER (€20 million) and NUGO in liquidation (€5 million) and the increase in the bank current account overdrafts (€16 million) due to the group's temporary cash needs, the reduction in the advances collected by Anas S.p.A. for works that have not yet been built and that it is not certain will be built for lack of specific plans (€1 million) and the decrease in the liability to the associate CAV (€5 million).

Fair value measurement

The hedging derivatives included in the group's portfolio are OTC and fall under Level 2 of the fair value hierarchy laid down in IFRS 7.

Financial instruments have been measured at fair value using financial models based on market standards. Specifically, this entailed:

- determining the net present value of future flows for swaps;
- calculating option contracts (cap and collar) using market value calculation models.

The inputs used to feed the above models reflect observable market parameters which are available with the main financial info providers.

Specifically, the swap vs. 3M Euribor curve figures were used, as well as those related to the swap vs. 6M Euribor curve, the Basis GBP vs. EUR curve, the swap vs. 6M LIBOR GBP curve, the Eur interest rate volatility curve and the credit default swap (CDS) curve of the parties to the derivative contract, which reflect the input widely accepted by market operators to calculate non-performance risk. This risk is calculated using adequate financial valuation techniques and models which include, inter alia, the following factors: i) the risk exposure, being the potential mark-to-market exposure throughout the life of the financial instrument and ii) adequate CDS curves to reflect their probabilities of default (PD).

43. Non-current and current trade payables (€6,460 million)

They can be analysed as follows:

millions of Euros

| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
|--|-------------|--------------|--------------|-------------|--------------|--------------|-------------|------------|------------|
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Suppliers | 11 | 6,132 | 6,143 | 21 | 5,390 | 5,411 | (10) | 742 | 732 |
| Advances | 4 | 124 | 128 | 5 | 96 | 101 | (1) | 28 | 27 |
| Group companies | | 168 | 168 | | 82 | 82 | | 86 | 86 |
| Contract liabilities for contract work in progress | | 21 | 21 | | 18 | 18 | | 3 | 3 |
| Total | 15 | 6,445 | 6,460 | 26 | 5,586 | 5,612 | (11) | 859 | 848 |

Non-current and current trade payables increased by €848 million on the previous year end mainly as a result of the rise in amounts due to suppliers (+€732 million) and group companies (+€86 million).

The suppliers balance increased mainly as a consequence of the greater works performed in 2021 on the HS/HC and conventional network (+€431 million) and the road and motorway network (+€123 million), in addition to the renegotiation of the supply contracts with one of the main suppliers of rolling stock and new deliveries of high speed trains for the Milan-Paris route. This led to a postponement, to 2022, of the settlement of the related liabilities (+€216 million), offset by the ordinary settlement trend for the year (-€22 million, of which €8 million related to the Riyadh metro contract).

The group companies balance includes the amounts due to Tper and Trenord for tickets pertaining to these companies sold by Trenitalia. The €86 million increase on the previous year end is mainly due to a larger commercial offer compared to the previous year, which was strongly affected by the Covid-19 pandemic.

44. Other non-current and current liabilities (€7,099 million)

They can be analysed as follows:

millions of Euros

| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
|--|-------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Advances for grants | | 4,854 | 4,854 | | 3,019 | 3,019 | | 1,835 | 1,835 |
| Advances to customers | | 2 | 2 | | 3 | 3 | | (1) | (1) |
| Social security charges payable | 18 | 283 | 301 | 24 | 289 | 313 | (6) | (6) | (12) |
| VAT liabilities | | 5 | 5 | | 18 | 18 | | (13) | (13) |
| Other liabilities with group companies | | 4 | 4 | | 3 | 3 | | 1 | 1 |
| Other liabilities and accrued expenses and deferred income | 106 | 1,827 | 1,933 | 116 | 1,837 | 1,953 | (10) | (10) | (20) |
| Total | 124 | 6,975 | 7,099 | 140 | 5,169 | 5,309 | (16) | 1,806 | 1,790 |

Advances for grants are mainly related to:

- additional accruals for FS Italiane S.p.A. in connection with the Tunnel Euralpin Lyon Turin Sas – TELT Sas (formerly Lyon Turin Ferroviarie Sas – LTF Sas) project, as already described in the note to “Other non-current and current assets” to which reference should be made;
- the advances mainly recognised by RFI S.p.A. on the grants related to assets from the government (MEF and MIMS), the EU and other bodies, for infrastructural investments.

The table below shows the changes in advances for grants related to the FS Italiane group:

millions of Euros

| | 31.12.2020 | Increases | Decreases | Other changes | 31.12.2021 |
|--------------------------------------|--------------|--------------|----------------|---------------|--------------|
| Advances for grants: | | | | | |
| - MEF | 513 | 6,584 | (6,330) | (23) | 744 |
| - MIMS | 1,853 | 2,319 | (307) | 3 | 3,868 |
| - European Regional Development Fund | 31 | 91 | (91) | | 31 |
| - Trans-European Network | 35 | 15 | (28) | | 22 |
| - Other | 587 | 459 | (857) | | 189 |
| Total | 3,019 | 9,468 | (7,613) | (20) | 4,854 |

The increases in advances for grants from the MEF and the MIMS include the new amounts related to grants allocated during the year, as described in the notes to other non-current and current assets and Financial assets.

The decrease in advances refer to the recognition of grants under property, plant and equipment and intangible assets to which reference should be made for additional information. Furthermore, €29 million refers to grants recognised in profit or loss to cover financial expense.

The other changes refer to the net decrease (€28 million) related to the capital increase of Tunnel Ferroviario del Brennero S.p.A., as better described in the note to equity investments, to which reference should be made for further details.

Other liabilities and accrued expenses and deferred income of €1,933 million include amounts due to personnel (€446 million), partly in connection with the fund for income and employment assistance (€22 million), guarantee deposits (€132 million), amounts due to operators (€322 million), tax liabilities (€138 million), accrued expenses and deferred income (€99 million) and other sundry liabilities (€774 million).

45. Tax liabilities (€6 million)

The balance at 2021 year end, equal to €6 million (€4 million at 2020 year end), includes €4 million due by the group companies included in the tax consolidation scheme, for IRAP purposes, and by the other group companies not included in the scheme, for IRES and IRAP purposes, as well as €2 million related to the income taxes of foreign companies.

46. Financial and operational risk management

The FS Italiane group is exposed to the following risks arising from the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk, specifically, interest rate and currency risks.

This section provides information on the group's exposure to each of the risks listed above, the objectives, policies and processes for the management of these risks and the methods used to assess them, as well as capital management. These consolidated financial statements also include additional quantitative information.

The FS Italiane group's risk management focuses on the volatility of financial markets and is aimed at minimising potential undesired effects on its financial position and results of operations.

To complete financial risk information, the table below gives a reconciliation between financial assets and liabilities as reported in the consolidated statement of financial position and the categories of financial assets and liabilities identified pursuant to IFRS 7. The figures shown in the statement of financial position match the financial assets and liabilities identified pursuant to IFRS 7, net of tax assets and equity investments. Furthermore, financial assets and liabilities include the respective hedging derivatives.

Credit risk

Credit risk is the risk that a customer or one of the counterparties of a financial instrument may cause a financial loss by not complying with an obligation. It mainly arises from loans with the public administration, trade receivables and the financial investments of the FS Italiane group.

With regard to credit risk deriving from investing activities, the group applies a liquidity investment policy which is centrally managed by the parent and which defines:

- the minimum requirements of the financing counterparty in terms of creditworthiness and the related concentration thresholds; and
- the types of financial products that can be used.

With respect to the derivatives used for hedging purposes and which can potentially generate credit exposure to counterparties, the group applies a specific policy that defines concentration thresholds by counterparty and credit rating.

With respect to the assessment of customers' credit risk, each FS Italiane group company manages and analyses the risk of all new significant customers, regularly checks their commercial and financial exposure and monitors the collection of receivables from the public administration within the contractually agreed timeframe.

The following tables shows the FS Italiane group's exposure to credit risk at 31 December 2021, compared with that at 31 December 2020. For information about the gross balance and the loss allowance, reference should be made to the notes to the relevant captions.

millions of Euros

| 31.12.2021 | | | | | |
|-----------------------------------|-----------------------|-----------------------|------------------------|-----------------|---------------|
| | Public administration | Third party customers | Financial institutions | Group companies | Total |
| Trade receivables | 1,365 | 1,507 | | 104 | 2,976 |
| Other assets | 8,367 | 1,383 | | 53 | 9,803 |
| Financial assets | 3,153 | 661 | 75 | 13 | 3,902 |
| Cash and cash equivalents | | | 2,080 | | 2,080 |
| Total financial assets (*) | 12,885 | 3,551 | 2,155 | 170 | 18,761 |

(*) Does not include prepayments and accrued income, tax assets, cash in hand and equity investments.

millions of Euros

| 31.12.2020 | | | | | |
|-----------------------------------|-----------------------|-----------------------|------------------------|-----------------|---------------|
| | Public administration | Third party customers | Financial institutions | Group companies | Total |
| Trade receivables | 1,175 | 1,087 | | 237 | 2,499 |
| Other assets | 6,838 | 1,162 | 2 | 113 | 8,115 |
| Financial assets | 3,807 | 599 | 111 | 65 | 4,582 |
| Cash and cash equivalents | | | 1,190 | | 1,190 |
| Total financial assets (*) | 11,820 | 2,848 | 1,303 | 415 | 16,386 |

(*) Does not include prepayments and accrued income, tax assets, cash in hand and equity investments.

A significant portion of trade receivables and loan assets relates to government and public authorities, such as the MEF and the regions.

The amount of financial assets whose recoverability is uncertain is negligible. However, an adequate loss allowance was accrued in this respect.

The maximum exposure to credit risk, broken down by counterparty and past due brackets, at 31 December 2021 is shown below:

millions of Euros

| 31.12.2021 | | | | | | |
|-------------------------------------|---------------|--------------|--------------|--------------|--------------------|---------------|
| | Past due by | | | | | Total |
| | Not past due | 0-180 days | 180-360 days | 360-720 days | More than 720 days | |
| Public administration (gross) | 11,251 | 136 | 182 | 791 | 700 | 13,060 |
| Loss allowance | (15) | | | (3) | (157) | (175) |
| Public administration (net) | 11,236 | 136 | 182 | 788 | 543 | 12,885 |
| Third party customers (gross) | 2,996 | 601 | 77 | 130 | 738 | 4,542 |
| Loss allowance | (198) | (142) | (12) | (32) | (607) | (991) |
| Third party customers (net) | 2,798 | 459 | 65 | 98 | 131 | 3,551 |
| Financial institutions (gross) | 1,677 | 456 | 20 | 3 | | 2,156 |
| Loss allowance | (1) | | | | | (1) |
| Financial institutions (net) | 1,676 | 456 | 20 | 3 | | 2,155 |
| Group companies (gross) | 160 | 3 | 1 | 7 | 5 | 176 |
| Loss allowance | | | | (6) | | (6) |
| Group companies (net) | 160 | 3 | 1 | 1 | 5 | 170 |
| Total financial assets | 15,870 | 1,054 | 268 | 890 | 679 | 18,761 |

millions of Euros

| 31.12.2020 | | | | | | |
|------------------------------------|---------------|------------|--------------|--------------|--------------------|---------------|
| | Past due by | | | | | Total |
| | Not past due | 0-180 days | 180-360 days | 360-720 days | More than 720 days | |
| Public administration (gross) | 10,371 | 112 | 146 | 721 | 619 | 11,969 |
| Loss allowance | (14) | (1) | | (8) | (126) | (149) |
| Public administration (net) | 10,357 | 111 | 146 | 713 | 493 | 11,820 |
| Third party customers (gross) | 2,416 | 302 | 106 | 167 | 749 | 3,740 |
| Loss allowance | (200) | (9) | (16) | (37) | (630) | (892) |
| Third party customers (net) | 2,216 | 293 | 90 | 130 | 119 | 2,848 |
| Financial institutions (gross) | 1,213 | 73 | 15 | 2 | 1 | 1,304 |
| Loss allowance | (1) | | | | | (1) |
| Financial institutions | 1,212 | 73 | 15 | 2 | 1 | 1,303 |
| Group companies (gross) | 376 | 4 | 14 | 11 | 23 | 428 |
| Loss allowance | | | | (6) | (7) | (13) |
| Group companies (net) | 376 | 4 | 14 | 5 | 16 | 415 |
| Total financial assets | 14,161 | 481 | 265 | 850 | 629 | 16,386 |

The total exposure and the impairment of each category was reclassified by risk class at 31 December 2021, as per the Standard & Poor's rating, shown below:

| | 31.12.2021 | | | | |
|------------------------------|------------|-------|---------------------------------|---------------------------------|-------------------------|
| | FVTPL | FVOCI | | Amortised cost | |
| | | | 12-month expected credit losses | 12-month expected credit losses | Lifetime - not impaired |
| from AAA to BBB- | 2 | (2) | 8,797 | 6,731 | 417 |
| from BB to BB+ | | | 1,560 | 666 | 194 |
| from B to CCC | | | 152 | 248 | 411 |
| from CC to C | | | 14 | 744 | |
| D | | | | | |
| Gross carrying amount | 2 | (2) | 10,523 | 8,389 | 1,022 |
| Loss allowance | | | (53) | (442) | (678) |
| Carrying amount | 2 | (2) | 10,470 | 7,947 | 344 |

| | 31.12.2020 | | | | |
|------------------------------|------------|-------|---------------------------------|---------------------------------|-------------------------|
| | FVTPL | FVOCI | | Amortised cost | |
| | | | 12-month expected credit losses | 12-month expected credit losses | Lifetime - not impaired |
| from AAA to BBB- | | | 6,630 | 7,134 | 299 |
| from BB to BB+ | | | 1,199 | 68 | 181 |
| from B to CCC | | | 72 | 735 | 504 |
| from CC to C | | | 13 | 709 | |
| D | | | | | |
| Gross carrying amount | | | 7,914 | 8,646 | 984 |
| Loss allowance | | | (62) | (422) | (674) |
| Carrying amount | | | 7,852 | 8,224 | 310 |

Changes in the loss allowance may be analysed as follows.

| | 31.12.2021 | | | |
|--|------------------------------------|--------------------------|-------------------|--------------|
| | 12-month expected credit losses | Lifetime-not impaired | Lifetime-impaired | <i>Total</i> |
| Balance at 1 January 2021 | 59 | 422 | 677 | 1,158 |
| Net impairment loss | 2 | 13 | 32 | 47 |
| Transfer to lifetime - impaired | (6) | 6 | | |
| Transfer to lifetime - not impaired | | | | |
| Repaid financial assets | (2) | (5) | (19) | (26) |
| New assets acquired | | 9 | 7 | 16 |
| Utilisation of the allowance | | (3) | (19) | (22) |
| Balance at 31 December 2021 | 53 | 442 | 678 | 1,173 |

Liquidity risk

Liquidity risk is the risk that an entity may have difficulties in complying with the obligations associated with financial liabilities to be settled by delivering cash or another financial asset. Cash flows, cash requirements and the liquidity of group companies are generally monitored and centrally managed by the Finance division of the Central finance, Investor Relations, Insurance and equity department, to ensure efficient and effective management of financial resources.

The parent adopts asset liability management techniques in collecting debt and loan principal from the group companies.

The group's objective is the prudent management of the liquidity risk arising from ordinary operations.

In order to meet potential and temporary cash requirements, the parent agreed a three-year revolving and committed Sustainability linked Back-up Facility facility in 2021 (€2.5 billion) for general purposes.

Furthermore, the group has numerous uncommitted credit lines granted by banks.

The following tables show the due dates of contractual cash flows and financial liabilities at 31 December 2021 and 2020, including interest to be paid:

millions of Euros

| 31 December 2021 | 6 months or less | 6-12 months | 1-2 years | 2-5 years | After 5 years | Total |
|---|------------------|--------------|--------------|--------------|---------------|---------------|
| Bonds | 145 | 375 | 750 | 3,097 | 3,540 | 7,907 |
| Bank loans and borrowings | 1,356 | 909 | 561 | 1,031 | 340 | 4,197 |
| Loans and borrowings from other financial backers | 6 | 7 | 13 | 4 | 2 | 32 |
| Loans and borrowings from group companies | | | | | | |
| Financial liabilities | 58 | 2 | 1 | 1 | 720 | 782 |
| Lease liabilities | 63 | 141 | 115 | 172 | 321 | 812 |
| Non-derivative financial liabilities | 1,628 | 1,434 | 1,440 | 4,305 | 4,923 | 13,730 |
| Trade payables | 2,224 | 4,112 | 16 | | | 6,352 |
| Derivative financial liabilities | 6 | 3 | (1) | (4) | 1 | 5 |
| Total financial liabilities | 3,858 | 5,549 | 1,455 | 4,301 | 4,924 | 20,087 |

millions of Euros

| 31 December 2020 | 6 months or less | 6-12 months | 1-2 years | 2-5 years | After 5 years | Total |
|---|------------------|--------------|--------------|--------------|---------------|---------------|
| Bonds | 26 | 645 | 515 | 2,563 | 3,049 | 6,798 |
| Bank loans and borrowings | 2,163 | 926 | 670 | 797 | 390 | 4,946 |
| Loans and borrowings from other financial backers | (189) | 67 | 15 | 44 | 230 | 167 |
| Loans and borrowings from group companies | | | | | | |
| Financial liabilities | 17 | 7 | 1 | 3 | 722 | 750 |
| Lease liabilities | 56 | 105 | 212 | 184 | 347 | 904 |
| Non-derivative financial liabilities | 2,073 | 1,750 | 1,413 | 3,591 | 4,738 | 13,565 |
| Trade payables | 2,385 | 3,207 | 26 | | | 5,618 |
| Derivative financial liabilities | 7 | 6 | 7 | 3 | (2) | 21 |
| Total financial liabilities | 4,465 | 4,963 | 1,446 | 3,594 | 4,736 | 19,204 |

The contractual flows from variable-rate loans have been calculated using the forward rates estimated at the reporting date. The amounts include both principal and interest.

The following table shows the repayments of non-derivative financial liabilities and trade payables within one year, 1-5 years and after five years.

millions of Euros

| 31 December 2021 | Carrying amount | Within one year | 1-5 years | After 5 years |
|---|-----------------|-----------------|--------------|---------------|
| Bonds | 7,532 | 501 | 3,668 | 3,363 |
| Bank loans and borrowings | 4,110 | 2,252 | 1,553 | 305 |
| Loans and borrowings from other financial backers | 33 | 13 | 18 | 2 |
| Loans and borrowings from group companies | | | | |
| Financial liabilities | 782 | 60 | 1 | 721 |
| Lease liabilities | 724 | 167 | 246 | 311 |
| Non-derivative financial liabilities | 13,181 | 2,993 | 5,486 | 4,702 |
| Trade payables | 6,460 | 6,436 | 24 | |

millions of Euros

| 31 December 2020 | Carrying amount | Within one year | 1-5 years | After 5 years |
|---|-----------------|-----------------|--------------|---------------|
| Bonds | 6,551 | 632 | 2,852 | 3,067 |
| Bank loans and borrowings | 4,851 | 3,067 | 1,420 | 364 |
| Loans and borrowings from other financial backers | 163 | (127) | 49 | 241 |
| Loans and borrowings from group companies | | | | |
| Financial liabilities | 749 | 24 | 1 | 724 |
| Lease liabilities | 775 | 139 | 331 | 305 |
| Non-derivative financial liabilities | 13,089 | 3,735 | 4,653 | 4,701 |
| Trade payables | 5,612 | 5,586 | 26 | |

Amounts due within six months or less are mainly related to trade payables for HS/HC contracts and works which are mainly repaid through government grants. The residual part, including lease liabilities, is repaid using cash flows from operations and bank loans and borrowings.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate following changes in market prices, due to changes in exchange rates, interest rates or prices of equity instruments.

As part of its operations, the FS Italiane group is exposed to several market risks, specifically interest rate risk and, to a lesser extent, currency risk. The objective of market risk management is to manage and keep the group companies' exposure to these risks within acceptable levels, while optimising returns on investments. The FS Italiane group uses hedging transactions to manage the volatility of the results.

Interest rate risk

The group is mainly exposed to interest rate risk relating to non-current loans indexed to variable rates. The group companies which are mainly exposed to this risk (including Trenitalia and RFI) decided to enter into hedging transactions based on specific risk management policies approved by the relevant boards of directors and implemented with the technical and operational support of the parent.

Despite the various customisations due to the financial and business characteristics of each company, the common objective of the applied policies is to limit cash flow fluctuations in financing transactions in place and, where possible, to exploit the opportunities to optimise borrowing costs offered by the indexing of variable-rate debt.

In accordance with the above policies, the group only uses plain vanillas, such as interest rate swaps, interest rate collars and interest rate caps.

The table below shows variable and fixed rate loans and borrowings:

| | millions of Euros | | | | | |
|------------------------------------|-------------------|------------------------|-----------------|--------------|--------------|---------------|
| | Carrying amount | Contractual cash flows | Current portion | 1-2 years | 2-5 years | after 5 years |
| Variable rate | 6,670 | 7,573 | 1,933 | 1,133 | 2,222 | 2,285 |
| Fixed rate | 6,511 | 6,157 | 1,129 | 307 | 2,083 | 2,638 |
| Balance at 31 December 2021 | 13,181 | 13,730 | 3,062 | 1,440 | 4,305 | 4,923 |
| Variable rate | 6,314 | 6,624 | 2,092 | 1,058 | 1,414 | 2,060 |
| Fixed rate | 6,775 | 6,941 | 1,731 | 355 | 2,177 | 2,678 |
| Balance at 31 December 2020 | 13,089 | 13,565 | 3,823 | 1,413 | 3,591 | 4,738 |

The table below shows the impact of variable and fixed rate loans and borrowings, before and after hedging derivatives, which convert variable rates into fixed rates, i.e., which hedge against rises in variable rates beyond the maximum levels defined.

| | 31.12.2021 | 31.12.2020 |
|--|------------|------------|
| Before hedging with derivatives | | |
| Variable rate | 51% | 48% |
| Fixed rate | 49% | 52% |
| After hedging with derivatives | | |
| Variable rate | 24% | 47% |
| Hedged variable rate | 11% | 3% |
| Fixed rate | 65% | 50% |

The impact is in line with the above interest rate risk management policy.

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in interest expense had an increase or a decrease of 50 basis point in the Euribor interest rates affected loans in 2021:

| | millions of Euros | |
|--|-------------------|------------|
| | + 50 bps | - 50 bps |
| Greater/(lower) interest expense on variable-rate debt | 18 | (12) |
| Net cash flow from hedges | (7) | 7 |
| Total | 11 | (5) |

The following sensitivity analysis shows the effects of an increase or decrease of 50 basis points in the swap rates curve recognised at the reporting date on the fair value of hedging derivatives:

millions of Euros

| | + 50 bps | - 50 bps |
|-----------------------------------|-----------|-------------|
| Fair value of hedging derivatives | 20 | (10) |
| Total | 20 | (10) |

Currency risk

The group is mainly active in Italy. Therefore, the risk arising from the different currencies in which it operates is limited and substantially relates to the contracts agreed by Italferr.

In February 2017, Trenitalia UK Ltd, a British company set up in 2016 and wholly-owned by Trenitalia S.p.A., acquired NXET Trains Limited. The liquid funds necessary for the acquisition were provided by the parent which granted an intragroup loan to Trenitalia UK Ltd (GBP60 million), while the residual amount was raised by means of a capital increase carried out by Trenitalia S.p.A. in favour of Trenitalia UK Ltd (GBP13 million). Cross currency swaps hedging the currency risk were agreed in respect of FS Italiane S.p.A.'s intragroup loan granted to Trenitalia UK Ltd.

Capital management

The FS Italiane group's main objective with respect to capital risk management is to safeguard its ability to continue as a going concern, while ensuring returns for shareholders and benefits for the other stakeholders. The FS Italiane group also intends to maintain an optimal capital structure in order to reduce the cost of debt.

47. Contingent assets and contingent liabilities

The FS Italiane group is a party in civil and administrative proceedings and legal actions related to its normal business activities. In addition to the provisions already set up in the consolidated financial statements, the group may incur additional liabilities, currently deemed improbable and/or unquantifiable. The main contingent assets and liabilities are described below.

- RFI S.p.A./COSIAC group: in 2011, Gruppo COSIAC S.p.A. brought a legal action before the Rome Civil Court claiming compensation for damage (roughly €1 billion) following the alleged violation of rules of integrity, impartiality and good faith in the performance of the integrated service concession for the laying of double tracks on the Tommaso Natale – Carini railway line, and the connection to the Punta Raisi airport. With ruling no. 9769/2015, the Rome Court, admitting all RFI's arguments and ordering COSIAC S.p.A. to pay all legal fees, declared that it did not have jurisdiction, while the administrative judge did, and denied all claims of liability (contractual, pre-contractual and non-contractual). COSIAC S.p.A. appealed against the ruling. With ruling no. 1477 of 1 March 2019, the Rome Court of Appeal partially admitted COSIAC S.p.A.'s appeal and transferred the case to the Court, recognising the ordinary judge's jurisdiction on the assumption that COSIAC S.p.A. claim in the case was an expression of its subjective right arising from a contract subject to private law. RFI S.p.A. appealed against this ruling before the Court of Cassation and requested its revocation before the Court of Appeal, as it was in contrast with the cases already pending in civil and administrative court, including with respect to jurisdiction. With summons notified on 3 May 2019, COSIAC S.p.A. reinstated the case before the Rome Civil Court. RFI S.p.A. appeared in court and requested a stay of the proceedings pending the decisions of the Court of Cassation and the Court of Appeal for revocation on the matters of jurisdiction and conflicting cases. The judge postponed any decision on the requested stay of the proceedings until reading of the parties' briefs. The hearing for the final briefs has been set for 26 May 2022. With ruling no. 28388/2020 of 14 December 2020, the Court of Cassation rejected RFI's appeal, confirming the decision of the appeal judge. RFI S.p.A. appealed against this ruling before Italy's highest court and the decision was postponed. In addition, the above-mentioned revocation request before the Court of Appeal is still pending, being in contrast with the cases already pending in civil and administrative court, including with respect to jurisdiction (the hearing, which has been postponed several times, has been set for 13 April 2023).
- Disputes with a supplier: Trenitalia S.p.A. has two large disputes pending with one of its main rolling stock suppliers. The first-level rulings in 2019 were favourable for the company. The supplier appealed against both rulings. One appeal ended in favour of the company with ruling no. 1430/21 of 4 November 2021, while the other one was deferred for clarification of conclusions in September 2022. Any costs that should arise as a result of the definitive ruling will substantially be accounted for as higher costs for the investments in rolling stock;
- Anas S.p.A./Strada dei Parchi (SdP): at present, the following proceedings are currently pending with Strada dei Parchi S.p.A., the operator of the A24 and A25 motorways:
 - a) two cases commenced before the Court of Rome (GR no. 33007/2016 and GR no. 77217/2017) in which SDP claimed damages for the alleged deterioration of the motorways under concession (approximately €550 million). The two combined cases were settled with ruling no. 16036 published on 16 November 2020, whereby the Court of Rome rejected all of SDP's claims for damages, ordering it to pay the legal fees. With summons notified on 17 December 2020, SDP appealed against this ruling pending before the Rome Court of Appeal, section I, GR no. 6914/2020. The Court issued an order on 22 December 2021, whereby it held that it could not declare the appeal inadmissible pursuant to article 348 bis of the Italian Code of Civil Procedure and ordered the case to be adjourned to the hearing of 26 April

2023 for the final briefs and oral discussion pursuant to article 281 sexies of said Code, without granting any term for filing briefs;

- b) the dispute originates from the order to pay obtained by Anas S.p.A. relating to the 2017 and 2018 instalments due, the ninth and the tenth instalments of the amount due to the former Central Guarantee Fund and the concession assets accrued at the end of March 2019 (GR no. 75938/2019). The two instalments were subject to legislative intervention which, with article 9 tricies semel of Decree law no. 123/2019, converted into Law no. 156/2019, ordered the suspension of SDP's obligation to pay the 2017 and 2018 instalments of the concession consideration, each amounting to €55,860,000, including default interest. In its order of 12 November 2020, the judge granted the provisional enforceability of the order, pursuant to article 648 of the Italian Code of Civil Procedure, for up to €29.05 million plus legal interest, declaring that the amounts invoiced as concession fees (2017 and 2018 instalments) and the related additions, and the tenth instalment of the amount due to the former Central Guarantee Fund, were due. The hearing for the closing arguments was held on 9 December 2021. Anas S.p.A. fully recovered the €29.05 million plus interest up to 5 May 2021 (for a total amount of €30.42 million) following the notification of the writ of execution referred to in paragraph c) below;
- c) based on the aforementioned order of 12 November 2020, on 26 January 2021, Anas S.p.A. served a writ of execution against which Strada dei Parchi filed an objection by means of a writ of summons served on 5 February 2021, initiating judgement GR no. 9684/2021. The next hearing (for the final arguments) is set for 3 July 2023;
- d) proceedings commenced by Anas S.p.A. before the Court of Rome to obtain payment of the 2019 instalment, the eleventh instalment of the Central Guarantee Fund and the concession assets for the period April 2019 - July 2020, for a total of €82.59 million, plus interest. Anas obtained the issue of order to pay no. 16723/2020, opposed by SDP with summons notified on 27 November 2020. At the hearing set for 22 February 2022, the judge reserved the decision on Anas' request for the provisional enforceability of the order to pay and on Strada dei Parchi's request to summon the MIMS;
- e) on 22 June 2021, an appeal for an order to pay was filed with the Court of Rome to obtain payment of the 2020 instalment, the twelfth instalment of the Central Guarantee Fund and the concession assets up to the balance at 31 March 2021 (for a total of €74.85 million). The appeal was registered on 29 June 2021 and, on 13 July 2021, the order to pay no. 13091/2021 - not provisionally enforceable - was issued against Strada dei Parchi, which opposed it with a writ of summons served to Anas S.p.A. on 24 September 2021. The first appearance hearing indicated in the summons, set for 7 March 2022, was postponed to 9 September 2022;
- f) Plus S.r.l. vs Anas S.p.A., Strada dei Parchi S.p.A. and the MIMS. On 30 March 2021, Plus S.r.l. brought an appeal before the Lazio regional administrative court against Anas and SDP for the annulment of the silence of the respondent administrations with respect to the application notified via registered mail on 2 February 2020, with which the appellant requested to have building areas owned by it officially expropriated against consideration, pursuant to article 42 bis of Presidential decree no. 327/2001, and to validate the obligation to proceed with the same request, by adopting an express measure, pursuant to article 42 bis of Presidential decree no. 207/2001. On 9 April, the hearing in Council Chamber was held and the Board adjourned for discussion to the Chamber hearing of 20 October 2021. The appellant, by means of an appeal for additional grounds notified on 22 July 2021, reiterated the same claims, supplementing the cross-examination against the MIMS, which took over Anas S.p.A.'s role of grantor of the A24 motorway with respect to Strada dei Parchi S.p.A.. At the hearing held on 20 October 2021, the Lazio regional administrative court, with an interlocutory order published on 21 December 2021, ordered an expert's report to ascertain the accurate identification and boundary of the land subject to alleged unlawful occupation and to identify the expropriation procedures, which involved said properties, adjourning the hearing for the subsequent preliminary investigations to the Council Chamber of 6 July 2022;

- Anas S.p.A. and Quadrilatero Marche Umbria S.p.A./Val di Chienti and consortium members: the two group companies sued Val di Chienti and its consortium members - general contractor for the construction of the First Maxilot (completion works on the SS 77 Val di Chienti Civitanova Marche - Foligno through the construction of the Collesentino II - Foligno section and completion works) for €300.49 million for charges due to non-conformity in the construction of tunnels, as a penalty for delayed completion of the works; greater damage for increased maintenance costs; greater damage to Quadrilatero's structure and damage to its image. The defendants entered an appearance on 13 February 2017 with a counterclaim against Anas S.p.A. and Quadrilatero Marche Umbria S.p.A. for both their damage to the image and the greater charges as per the recognised claims. With respect to the claims for which a counterclaim was filed also against Anas S.p.A. (€1,129 million), a charge of €16 million was estimated equal to the claims identified by the court-appointed expert in favour of Val di Chienti. At the hearing for the closing arguments which was held on 21 September 2021, the case was pending under the terms pursuant to article 190 of the Italian Code of Civil Procedure;
- Anas S.p.A./SALT S.p.A.: by a writ of summons served on 28 September 2021, the operator SALT S.p.A. sued Anas S.p.A., the MIMS and the MEF before the Civil Court of Florence, requesting that the liability of these administrations be ascertained, each within its remit, following their failure to fulfil their obligations under the agreement dated 7 October 1999 and the single agreement of 2 September 2009. Specifically, the operator, which has continued operating the concession at the request of the MIMS from the date of expiry of the agreement (31 July 2019) to date, complains of a series of breaches by the grantor throughout the entire duration of the concession, which have entailed greater charges for which it claims damages. These claims amount to €685 million, in addition to €27.9 million for delayed investments. The claimant requested the release of the amount accrued by SALT S.p.A. in its financial statements. With respect to this amount, the operator requested that the respondent administrations be sanctioned jointly and severally, given the joint nature of the concession; however, only a part (€32.71 million) is attributed directly to Anas S.p.A., whose liability - for the purposes of the internal allocation of the joint and several compensation for damage - is limited to the period prior to the MIMS' becoming the grantor on 1 October 2012. The hearing to discuss the summons was set for 12 January 2022. Anas S.p.A. appeared in court. At the end of the first hearing on 12 January, the judge, given the need to immediately define the preliminary and prejudicial objections, adjourned the case to the hearing for the closing arguments on 11 April 2022;
- Anas S.p.A./As.co.sa.: with a writ of summons served on 5 July 2019, As.co.sa. brought Anas S.p.A. and the Prime Minister before the Court of Naples to obtain the return of an amount equal to the economic equivalent of the work carried out (€247 million) as part of the construction of the road link road between the median axis and the ASI support axis, carried out under Law no. 219/1981. This claim follows the termination for non-performance of agreement no. 11/81 as per the Court of Naples' ruling no. 11464/2013, subsequently confirmed by the Court of Appeal of Naples with ruling no. 2996/2017. Anas S.p.A. appealed against the latter ruling before the Court of Cassation. With respect to the above-mentioned proceedings pending before the Court of Naples, the judge, with the order dated 5 October 2021, lifting the reservation made at the hearing of 3 May 2021, noted that, in accordance with the ruling of the joint sections of the Court of Cassation (no. 4090/2017), recently confirmed by the Court of Cassation ruling no. 14143/2021, "splitting the claim" may be prohibited and granted the parties time until 30 November 2021 to file the briefs, adjourning the hearing to 17 January 2022, which was subsequently adjourned to 17 March 2022 because of the Covid-19 outbreak. The hearing was postponed to 21 April 2022 for oral argument. Furthermore, with decree no. 4444/2019 of 17 October, the Civil Court of Naples suspended the ruling until the Court of Appeal ruling no. 2996/2017 becomes final, brought by As.co.sa. against Anas S.p.A. for additional claims of more than €2 million. This amount is also deemed due

assuming the termination of agreement no. 11/81. The consortium's claim originates from the construction of a work pursuant to Title VIII of Law no. 219/81 and arises from acts and facts prior to the transfer of the work to Anas S.p.A.. At the time of its incorporation, this also led to an objection to the government's assumption of the claim pursuant to article 42 of Law no. 144/99, which, if accepted, would considerably reduce Anas S.p.A.'s risk;

- ART decision no. 20/2022: on 9 February 2022, with decision no. 20, the ART initiated proceedings against Trenitalia S.p.A. and RFI S.p.A. jointly to possibly take disciplinary action for non-compliance with the ART's measures on passenger rights, specifically with reference to the cancellation of a train and the provision of adequate information about the availability of alternative means for continuing the journey (measures 3.4 and 4.5 of Annex A to decision no. 106/2018). The proceedings, which are scheduled to conclude one hundred and eighty days from the date of notification of the decision, could result in an administrative fine of up to ten per-cent of the respective turnover imposed on Trenitalia S.p.A. and RFI S.p.A..

48. Audit fees

Pursuant to article 37.16 of Legislative decree no. 39/2010 and letter 16-bis of article 2427 of the Italian Civil Code, in 2021, the total fees due to the independent auditors and their network companies amount to €5.052 thousand and include the fees paid for services other than the statutory audit (€2,062 thousand).

49. Directors' and statutory auditors' fees

The following fees were paid to directors and statutory auditors for the performance of their duties:

| | (€'000) | | |
|--------------------|--------------|--------------|-------------|
| | 2021 | 2020 | Change |
| Directors | 1,178 | 1,275 | (97) |
| Statutory auditors | 157 | 152 | 5 |
| TOTAL | 1,335 | 1,427 | (92) |

Directors' fees include the amounts envisaged for the positions of Chairman and Chief Executive Officer, as well as any amounts envisaged for the remaining board members. In addition to the above fees, the external member of the supervisory body received €109 thousand (2020: €75 thousand). The fees to the representatives of the MEF (directors and statutory auditors) are transferred to such Ministry when the related parties are employees thereof.

50. Related parties

Related parties were identified in accordance with IAS 24.

Transactions with key managers

The general conditions that govern transactions with key managers and the parties related to them are not more favourable than those applied, or that could have been reasonably applied, to similar transactions with managers other than key managers associated with the same entities at market conditions.

Key managers' fees are as follows:

| | millions of Euros | |
|--------------------------|-------------------|-------------|
| | 2021 | 2020 |
| Short-term benefits | 27 | 27 |
| Post-employment benefits | 2 | 2 |
| Termination benefits | 3 | 1 |
| Total | 32 | 30 |

The benefits relate to the fees paid to the above parties. In addition to short-term benefits of €27 million paid out in 2021, a variable portion is to be paid in 2022, for an amount not exceeding €6.2 million (€6.0 million in 2020).

During the year, the key managers did not carry out any transactions, directly or through close family members, with the FS Italiane group, group companies or other related parties.

Related party transactions

The main transactions between FS Italiane group and its related parties, which were all carried out on an arm's length basis, are described below.

Trade and other transactions

| | millions of Euros | | | | | |
|---------------------------------|-------------------|--------------------|----------------------------------|-------------------|----------------|--------------|
| | Assets | Liabilities | Purchases for investments | Guarantees | Revenue | Costs |
| Enel group | 14 | 43 | | 20 | 5 | 117 |
| Eni group | 7 | 5 | | | 14 | 10 |
| Leonardo group | | 6 | | | | 2 |
| Invitalia group | | 12 | | | | |
| Cassa Depositi e Prestiti group | 5 | 174 | | 2 | 10 | 142 |
| GSE group | | 53 | | | | 754 |
| Poste Italiane group | 1 | 1 | | | 1 | 3 |
| SO.G.I.N. group | (1) | 1 | | | 2 | |
| IPZS | | | | | | 2 |
| EUROFER | | 14 | | | | 15 |
| PREVINDAI | | 4 | | | | 6 |
| Other pension funds | 5 | 4 | | | | 50 |
| Other related parties | 29 | 3 | | 1 | 126 | 28 |
| Total | 60 | 320 | | 23 | 158 | 1,129 |

Financial transactions

millions of Euros

| | Assets | Liabilities | Guarantees | Expense |
|---------------------------------|----------|-------------|------------|----------|
| ENEL group | | | 8 | |
| Cassa Depositi e Prestiti group | | 25 | | 3 |
| Poste Italiane group | 3 | | | |
| Total | 3 | 25 | 8 | 3 |

The nature of the main transactions with non-group parties is described below.

Assets with the Enel group and Eni group mainly refer to lease payments and material transport costs, while liabilities relate to sundry utility payments.

Liabilities with the Leonardo group mainly refer to sundry maintenance (rolling stock, lines, software) and the purchase of materials.

Liabilities with the GSE group mainly relate to the purchasing of electrical energy for train traction.

Assets with the Cassa Depositi e Prestiti group mainly relate to lease and easement payments for land, while liabilities relate to loans and borrowings and electrical energy with Terna S.p.A..

Assets with the Poste Italiane group mainly relate to lease payments, while liabilities principally relate to postal charges.

51. Guarantees and commitments

Guarantees given mainly refer to:

- collateral on Trenitalia S.p.A.'s rolling stock, issued by the company in favour of Eurofima SA, guaranteeing non-current loans and borrowings granted through FS Italiane S.p.A. (the liability with Eurofima SA at 31 December 2021 amounts to €1,975 million);
- bank guarantees issued on behalf of Trenitalia S.p.A., including in connection with the service contracts signed with the regions (€267 million);
- parent guarantees issued on behalf of group companies to the tax authorities (€748 million);
- guarantees issued on behalf of RFI S.p.A. and in favour of Terna S.p.A. for the service contract governing electrical energy dispatching by withdrawal points which feed rail traction and for other uses (€24 million), parent and bank guarantees issued on behalf of RFI S.p.A. and in favour of Areti S.p.A., e-distribuzione S.p.A., Unareti S.p.A., Inrete Distribuzione Energia S.p.A. and Edyna S.r.l. for contracts regulating energy transport services for rail traction and other uses (€39 million) and a guarantee for the procurement of electricity on the free market in favour of GSE S.p.A. (for a total of €150 million);
- parent and bank guarantees as part of projects abroad, issued mainly on behalf of Trenitalia c2c Ltd (for an amount corresponding to €20 million), Trenitalia UK Ltd (for an amount corresponding to €150 million) and Italferr S.p.A. (for an amount corresponding to €4.4 million);
- parent guarantees issued on behalf of Netinera Deutschland GmbH, mainly in favour of lease companies and banks (€179 million);
- bank guarantees issued on behalf of the parent: projects abroad include a bank counter-guarantee for an amount corresponding to €42 million and relating to the performance bond issued in favour of the Royal Commission for Riyadh City (RCRC);
- bank sureties issued to other parties such as bid bonds, performance bonds and advance payment bonds.

- sureties issued in favour of third parties by Anas (€32 million), of which €24 million related to the contracts in Algeria, Libya and Qatar and €8 million in favour of ENEL S.p.A. as compensation for direct and indirect damage caused by the performance of works;
- sureties issued in favour of AIE S.p.A. by Anas S.p.A. related to the Russian contract (€26 million).

For additional information about the parent's guarantees and commitments issued on behalf of group companies, reference should be made note 41 of the notes to the separate financial statements.

52. Information pursuant to Law no. 124/2017

Reference should be made to Annex 6 for the information required by article 1.125 of Law no. 124/2017 about consolidated Italian investees, as shown in the financial statements of such investees.

53. Events after the reporting date

February

Sale of the investment in Ostmecklenburgische Bahnwerk GmbH

On 3 February 2022, the subsidiary Prignitzer Eisenbahn GmbH, part of the Netinera Group, sold its residual investment in Ostmecklenburgische Bahnwerk GmbH (49%) to a third party. Consequently, as of this date, the company is no longer part of the group.

Russia-Ukraine military conflict

On 28 February 2022, Decree law no. 16 on Further urgent measures for the crisis in Ukraine was published in the Italian official journal, general series no 49, declaring a new state of emergency until 31 December 2022 and introducing new urgent measures for geopolitical tensions due to the diplomatic and military crisis between Russia and Ukraine. The "humanitarian" state of emergency does not overlap the state of emergency caused by the Covid-19 pandemic which, in any case, is due to expire on 31 March 2022.

The FS Italiane group's operations are complex and varied, domestic and international, and this exposes it to various risk factors arising from the potential consequences of the conflict in Ukraine. For additional information, reference should be made to "Risk factors" section of the Directors' report.

FS Italiane S.p.A., a partner of CER (the Community of European Railways and Infrastructure Companies), which groups together railway companies and operators, is prepared to support refugees fleeing from war-torn countries. With the arrival of the refugees in the European Union, many railway companies are in fact joining forces to provide additional carriages on trains and let Ukrainian citizens travel free of charge, allowing them to reach their families across the continent. Trenitalia, too, is willing to offer free travel on its trains to Ukrainian refugees as soon as the competent authorities define the access protocol with respect to the anti-Covid-19 measures currently in force. FS Italiane S.p.A. is also willing to offer the medical train that was set up for the Covid-19 pandemic and for the management of other national and international emergencies. This train could reach the border with Ukraine or other railway destinations that would need a small mobile hospital.

March

Trenitalia grants

On 2 March 2022, the European Commission adopted the Decision approving expenditure of €687 million to compensate Italian rail passenger operators on commercial lines for the losses suffered as a result of Covid-19 emergency in the period between 1 July 2020 and 30 April 2021. In the Decision, the aid was declared compatible with article 107.2 of the Treaty on the Functioning of the European Union, which allows compensation for damage caused by natural disasters or exceptional circumstances. This measure, which follows a similar scheme that the Commission approved for the losses suffered between 8 March and 30 June 2020, was transposed in Italy with the following legislation:

- article 214.3-7 of Decree law no. 34 of 19 May 2020, converted with amendments by Law no. 77 of 17 July 2020, for the period from 1 July to 31 December 2020;
- article 1.675-678 of Law no. 178 of 30 December 2020 (the 2021 Budget law), for the period from 1 January to 30 April 2021.

As a result of this decision, the group recognised these grants as revenue in 2021. For additional information, reference should be made to note 8.

Ferrovie Del Sud Est – Renewal of the infrastructure service contract

With regional council resolution no. 324 of 11 March 2022, in order to acknowledge the need to guarantee the ongoing operation and the safety and efficiency of the regional railway networks and ensure the implementation of the infrastructure investments already launched and to be launched, the Puglia regional authority approved a rider with seamless validity and effectiveness until 31 December 2026 to the original service contract, already extended by regional council resolution no. 2254/2021.

Conversion of Law decree no. 4 of 27 January 2022 into law

On 28 March 2022, Decree law no. 4 of 27 January 2022 containing urgent measures in support of businesses and economic operators, employment, public health and local services, relating to the Covid-19 emergency and to contain the effects of price increases in the electricity sector, was converted into law, providing, inter alia, for:

- an additional grant in favour of ANAS S.p.A. (approving expenditure of €3.9 million for 2027 and €25 million annually from 2028 to 2031) to compensate the company for the loss of revenue in 2021 due to the fewer vehicles travelling on the motorways in 2021 because of Covid-19 and the increase in the cost of lighting the state roads that it operates (article 25.ter);
- a €5 million increase per year from 2022 to 2027, in the grants earmarked for companies operating in the railway freight transport segment (article 25.2-bis).

As a result of the above conversion into law, the group recognised €66 million under 2021 revenue. For additional information, reference should be made to note 8 and to the developments in legislation section in the directors' report.

Renewal of the national labour agreement for the mobility/railway sector and FS Italiane group employment contract

On 22 March, an agreement was reached with the Filt, Fit, Uilt, Ugl, Fast and Orsa trade unions on the renewal of the national labour agreement for the mobility/railway sector and FS Italiane group employment contract dated 16 December 2016 which had expired on 31 December 2017.

The agreement was reached after much discussion, without prejudice to the agreements dated 18 February 2021, and took into account the effects produced by the public health emergency in the railway sector and the current international situation and the related consequences for businesses and workers. In this respect, the parties committed to defining, within the term of the current agreements, a renewed system of contractual rules for the 2024-2026 three-year period to support the challenges of the group's forthcoming business plan.

The main provisions of the national labour agreement for the mobility/railway sector and FS Italiane group employment contract labour agreement include an average salary increase of €110 and a one-off payment of €500 (for 2021). Furthermore, an important milestone was reached with respect to welfare, with the creation of an observatory for the development of company welfare and work-life balance initiatives, which will become a forum for monitoring, consultation, discussion and proposals on welfare-related issues. In addition to this, the employer's contribution for members of the Eurofer fund was increased by 1% and the contribution made available by the group for each employee to improve the supplementary healthcare service was also increased.

Cyber attack on the group's corporate network

On 23 March 2022, the FS Italiane group was hit by a ransomware cyber attack, making the company network unavailable. The relevant cyber security and information systems units acted promptly and the disruptions were due to the activities carried out to contain and control the event.

All the units involved carried out security analyses and checks of the entire system, resulting in a gradual and controlled return to the full functionality of the corporate network.

The administrative and accounting systems supporting the financial statements department were not affected, thereby ensuring the correctness, completeness and truthfulness of the data submitted for approval.

Annexes

Consolidation scope and the group's equity investments

1. PARENT AND LIST OF SUBSIDIARIES

Parent

| | Registered office | Main office | Share capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|--------------------------------------|-------------------|-------------|----------------|----------|--------------------|-------------------|----------------------|
| Ferrovie dello Stato Italiane S.p.A. | Rome | Italy | 39,204,173,802 | | | | |

Operating segment: Transport

| | Registered office | Main office | Share/quota capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|---|-------------------|-------------|---------------------|--|--------------------|-------------------|----------------------|
| In Italy | | | | | | | |
| Ataf Gestioni S.r.l. | Florence | Italy | 5,927,480 | Busitalia - Sita Nord S.r.l. Non-controlling interests | 70.00 30.00 | 70.00 | Line-by-line |
| Busitalia - Sita Nord S.r.l. | Rome | Italy | 73,000,000 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| Busitalia Campania S.p.A. | Salerno | Italy | 5,900,000 | Busitalia - Sita Nord S.r.l. | 100.00 | 100.00 | Line-by-line |
| Busitalia Rail Service S.r.l. | Rome | Italy | 3,497,788 | Busitalia - Sita Nord S.r.l. | 100.00 | 100.00 | Line-by-line |
| Busitalia Veneto S.p.A. | Padua | Italy | 20,500,000 | Busitalia - Sita Nord S.r.l. Non-controlling interests | 78.78 21.22 | 78.78 | Line-by-line |
| Ferrovie del Sud Est e Servizi Automobilistici S.r.l. | Bari | Italy | 4,682,830 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| Firenze City Sightseeing S.r.l. | Florence | Italy | 200,000 | Ataf Gestioni S.r.l. Non-controlling interests | 60.00 40.00 | 42.00 | Line-by-line |
| Mercitalia Intermodal S.p.A. | Milan | Italy | 7,000,000 | Mercitalia Logistics S.p.A. Non-controlling interests | 53.28 46.72 | 53.28 | Line-by-line |
| Mercitalia Logistics S.p.A. | Rome | Italy | 184,611,372 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| Mercitalia Maintenance S.r.l. | Milan | Italy | 12,000,000 | Mercitalia Rail S.r.l. | 100.00 | 100.00 | Line-by-line |
| Mercitalia Rail S.r.l. | Rome | Italy | 60,720,880 | Mercitalia Logistics S.p.A. | 100.00 | 100.00 | Line-by-line |
| Mercitalia Shunting & Terminal S.r.l. | Genoa | Italy | 5,000,000 | Mercitalia Logistics S.p.A. | 100.00 | 100.00 | Line-by-line |
| Savit S.r.l. | Terni | Italy | 1,000,000 | Busitalia - Sita Nord S.r.l. Mercitalia Logistics | 100.00 | 100.00 | Line-by-line |
| Terminal Alptransit S.r.l. | Milan | Italy | 15,000,000 | Mercitalia Logistics S.p.A. Non-controlling interests | 58.00 42.00 | 58.00 | Line-by-line |
| Trenitalia S.p.A. | Rome | Italy | 1,607,137,500 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |

| | Registered office | Main office | Share capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|--|---------------------------------|-----------------|---------------|---|--------------------|-------------------|----------------------|
| Abroad | | | | | | | |
| Autobus Sippel GmbH | Hofheim am Taunus (Germany) | Germany | 50,000 | NETINERA Deutschland GmbH | 100.00 | 100.00 | Line-by-line |
| Die Länderbahn GmbH DLB (formerly Vogtlandbahn-GmbH) | Viechtach (Germany) | Germany | 1,022,584 | Regentalbahn GmbH | 100.00 | 100.00 | Line-by-line |
| Die Länderbahn CZ s.r.o. | Ústi nad Labem (Czech Republic) | Czech Republic | 500,000(1) | Die Länderbahn GmbH DLB | 100.00 | 100.00 | Line-by-line |
| erixx GmbH | Celle (Germany) | Germany | 25,000 | Osthannoversche Eisenbahnen Aktiengesellschaft | 100.00 | 87.51 | Line-by-line |
| erixx Holstein GmbH | Lübeck (Germany) | Germany | 25,000 | Osthannoversche Eisenbahnen Aktiengesellschaft | 100.00 | 87.51 | Line-by-line |
| metronom Eisenbahngesellschaft mbH | Uelzen (Germany) | Germany | 500,000 | NiedersachsenBahn GmbH & Co. KG | 73.58 | 74.75 | Line-by-line |
| Neißeverkehr GmbH | Forst (Germany) | Germany | 1,074,000 | Prignitzer Eisenbahngesellschaft mbH | 80.00 | 80.00 | Line-by-line |
| NETINERA Bachstein GmbH | Celle (Germany) | Germany | 150,000 | NETINERA Deutschland GmbH | 95.34 | 100.00 | Line-by-line |
| NETINERA Deutschland GmbH | Viechtach (Germany) | Germany | 1,025,000 | Trenitalia S.p.A. | 100.00 | 100.00 | Line-by-line |
| NETINERA Immobilien GmbH | Berlin (Germany) | Germany | 240,000 | NETINERA Deutschland GmbH | 100.00 | 100.00 | Line-by-line |
| NiedersachsenBahn GmbH & Co. KG | Celle (Germany) | Germany | 100,000 | Osthannoversche Eisenbahnen Aktiengesellschaft | 60.00 | 87.51 | Line-by-line |
| NiedersachsenBahn Verwaltungsgesellschaft mbH | Celle (Germany) | Germany | 25,000 | Osthannoversche Eisenbahnen Aktiengesellschaft | 60.00 | 52.50 | Line-by-line |
| Osthannoversche Eisenbahnen Aktiengesellschaft | Celle (Germany) | Germany | 21,034,037 | NETINERA Bachstein GmbH | 87.51 | 87.51 | Line-by-line |
| Prignitzer Eisenbahngesellschaft mbH | Berlin (Germany) | Germany | 200,000 | NETINERA Deutschland GmbH | 100.00 | 100.00 | Line-by-line |
| Qbuzz BV | Amersfoort (The Netherlands) | The Netherlands | 400,000 | Busitalia - Sita Nord S.r.l. | 100.00 | 100.00 | Line-by-line |
| Qbuzz Groningen-Utrecht BV | Amersfoort (The Netherlands) | The Netherlands | 18,000 | Qbuzz BV | 100.00 | 100.00 | Line-by-line |
| Qbuzz Mobility Service BV | Utrecht (The Netherlands) | The Netherlands | 18,000 | Busitalia - Sita Nord S.r.l. | 100.00 | 100.00 | Line-by-line |
| Qbuzz Multimodaal BV | Amersfoort (The Netherlands) | The Netherlands | 100 | Qbuzz BV | 100.00 | 100.00 | Line-by-line |
| Qbuzz Taxi BV | Amersfoort (The Netherlands) | The Netherlands | 100 | Qbuzz BV | 100.00 | 100.00 | Line-by-line |
| Regentalbahn GmbH | Viechtach (Germany) | Germany | 2,444,152 | NETINERA Deutschland GmbH | 100.00 | 100.00 | Line-by-line |
| Rom Rail Transport S.r.l. | Bucharest (Romania) | Romania | 385,943 | Mercitalia Rail S.r.l. | 93.00 | 93.00 | Line-by-line |
| sei mobil on demand GmbH | Sendenhorst (Germany) | Germany | 25,000 | Non-controlling interests sei mobil Verkehrsgesellschaft GmbH | 7.00 | | Line-by-line |
| sei mobil Verkehrsgesellschaft mbH | Sendenhorst (Germany) | Germany | 26,000 | Verkehrsbetriebe Bils GmbH | 100.00 | 100.00 | Line-by-line |
| Sippel-Travel GmbH | Mainz-Kastell (Germany) | Germany | 127,950 | Autobus Sippel GmbH | 100.00 | 100.00 | Line-by-line |
| Südbrandenburger Nahverkehrs GmbH | Berlin (Germany) | Germany | 1,022,584 | NETINERA Deutschland GmbH | 100.00 | 100.00 | Line-by-line |
| TrainOSE SA | Athens (Greece) | Athens | 34,406,509 | Trenitalia S.p.A. | 100.00 | 100.00 | Line-by-line |
| Trenitalia c2c Limited | London (United Kingdom) | United Kingdom | 100,000 (1) | Trenitalia UK Limited | 100.00 | 100.00 | Line-by-line |
| Trenitalia France SAS - formerly Thello SAS | Paris (France) | France | 1,500,000 | Trenitalia S.p.A. | 100.00 | 100.00 | Line-by-line |

| | | | | | | | |
|------------------------------|----------------------------|----------------|-------------------|------------------------------|--------|--------|--------------|
| Trenitalia UK Limited | London (United Kingdom) | United Kingdom | 13,000,100 (1) | Trenitalia S.p.A. | 100.00 | 100.00 | Line-by-line |
| TX Logistik AG | Troisdorf (Germany) | Germany | 286,070 | Mercitalia Logistics S.p.A. | 100.00 | 100.00 | Line-by-line |
| TX Consulting GmbH | Troisdorf (Germany) | Germany | 25,000 | TX Logistik AG | 100.00 | 100.00 | Line-by-line |
| TX Logistik Transalpine GmbH | Schwechat (Austria) | Germany | 35,000 | TX Logistik AG | 100.00 | 100.00 | Line-by-line |
| TX Logistik A/S | Padborg (Denmark) | Germany | 500,000 (1) | TX Logistik AG | 100.00 | 100.00 | Line-by-line |
| TX Logistik AB | Helsingborg (Sweden) | Germany | 400,000 (1) | TX Logistik AG | 100.00 | 100.00 | Line-by-line |
| TX Logistik GmbH | Basel (Switzerland) | Germany | 50,000 (1) | TX Logistik AG | 100.00 | 100.00 | Line-by-line |
| TX Service Management GmbH | Troisdorf (Germany) | Germany | 50,000 | TX Logistik AG | 100.00 | 100.00 | Line-by-line |
| Verkehrstriebwils GmbH | Sendenhorst (Germany) | Germany | 25,000 | NETINERA Deutschland GmbH | 100.00 | 100.00 | Line-by-line |
| vlexx GmbH | Mainz (Germany) | Germany | 25,000 | Regentalbahn GmbH | 100.00 | 100.00 | Line-by-line |

(1) Figures expressed in local currency

Operating segment: Infrastructure

| | Registered office | Main office | Share/quota capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|--|-------------------|-----------------|---------------------|---|--------------------|-------------------|----------------------|
| In Italy | | | | | | | |
| Anas S.p.A. | Rome | Italy | 2,269,892,000 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| Anas International Enterprise S.p.A. | Rome | Italy | 3,000,000 | Anas S.p.A. | 100.00 | 100.00 | Line-by-line |
| Bluferries S.r.l. | Messina | Italy | 20,100,000 | RFI S.p.A. | 100.00 | 100.00 | Line-by-line |
| Blu Jet S.r.l. | Messina | Italy | 200,000 | RFI S.p.A. | 100.00 | 100.00 | Line-by-line |
| Cremonesi Workshop S.r.l. | Brescia | Italy | 100,000 | Italferr S.p.A. Non-controlling interests | 80.00 20.00 | 80.00 | Line-by-line |
| Grandi Stazioni Rail S.p.A. | Rome | Italy | 4,304,201 | RFI S.p.A. | 100.00 | 100.00 | Line-by-line |
| Infrarail Firenze S.r.l. | Florence | Italy | 5,500,000 | RFI S.p.A. | 100.00 | 100.00 | Line-by-line |
| Italferr S.p.A. | Rome | Italy | 14,186,000 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| Quadrilatero Marche-Umbria S.p.A. | Rome | Italy | 50,000,000 | Anas S.p.A. Non-controlling interests | 92.38 7.62 | 92.38 | Line-by-line |
| Metropark S.p.A. | Rome | Italy | 3,016,463 | FS Sistemi Urbani S.r.l. | 100.00 | 100.00 | Line-by-line |
| RFI S.p.A. | Rome | Italy | 31,528,425,067 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| Terminali Italia S.r.l. | Rome | Italy | 7,345,686 | RFI S.p.A. | 100.00 | 100.00 | Line-by-line |
| Tunnel Ferroviario del Brennero - Società di partecipazioni S.p.A. | Rome | Italy - Austria | 1,015,790,910 | Rete Ferroviaria Italiana - RFI S.p.A. Non-controlling interests | 89.85 10.15 | 89.85 | Line-by-line |

| | Registered office | Main office | Share capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|---|--------------------------|--------------|-------------------|--------------------|--------------------|-------------------|----------------------|
| Abroad | | | | | | | |
| Infrastructure Engineering Services doo Beograd | Belgrade (Serbia) | Serbia | 39,626,684 (1) | Italferr S.p.A. | 100.00 | 100.00 | Line-by-line |
| FSI Saudi Arabia for Land Transport LLC | Riyadh (Saudi Arabia) | Saudi Arabia | 10,030,000 (1) | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |

(1) Figures expressed in local currency

Operating segment: Real estate services

| | Registered office | Main office | Share/quota capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|------------------------------------|-------------------|-------------|---------------------|---|--------------------|-------------------|----------------------|
| In Italy | | | | | | | |
| FS Sistemi Urbani S.r.l. | Rome | Italy | 532,783,501 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| Grandi Stazioni Immobiliare S.p.A. | Rome | Italy | 4,000,000 | FS Italiane S.p.A. Non-controlling interests | 60.00 40.00 | 60.00 | Line-by-line |

Operating segment: Other services

| | Registered office | Main office | Share capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|-------------------------|-------------------|-------------|---------------|---|--------------------|-------------------|----------------------|
| In Italy | | | | | | | |
| Fercredit S.p.A. | Rome | Italy | 32,500,000 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| Ferservizi S.p.A. | Rome | Italy | 8,170,000 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| FS International S.p.A. | Rome | Italy | 6,830,000 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| FSTechnology S.p.A. | Rome | Italy | 27,578,244 | FS Italiane S.p.A. | 100.00 | 100.00 | Line-by-line |
| Italcertifer S.p.A. | Florence | Italy | 480,000 | FS Italiane S.p.A. Non-controlling interests | 55.66 44.34 | 55.66 | Line-by-line |

2. LIST OF JOINT VENTURES

Operating segment: Transport

| | Registered office | Main office | Share/quota capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|-----------------------|-------------------|-------------|---------------------|--|--------------------|-------------------|----------------------|
| In Italy | | | | | | | |
| Trenitalia TPER Scarl | Bologna | Italy | 11,000,000 | Trenitalia S.p.A. Non-controlling interests | 70.00 30.00 | 70.00 | Equity |
| Trenord S.r.l. | Milan | Italy | 76,120,000 | Trenitalia S.p.A. Non-controlling interests | 50.00 50.00 | 50.00 | Equity |

| | Registered office | Main office | Share capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|--|-----------------------|-------------|---------------|--|--------------------|-------------------|----------------------|
| Abroad | | | | | | | |
| Berchtesgardener Land Bahn GmbH | Freilassing (Germany) | Germany | 25,000 | Die Länderbahn GmbH DLB Non-controlling interests | 50.00 50.00 | 50.00 | Equity |
| Kraftverkehr - GMBH - KVG Lüneburg | Lüneburg (Germany) | Germany | 25,565 | KVG Stade GmbH & Co. KG (1) | 100.00 | 31.02 | Equity |
| Kraftverkehr Celle Stadt und Land GmbH | Celle (Germany) | Germany | 1,099,300 | Verkehrsbetriebe Osthannover GmbH Non-controlling interests | 61.00 39.00 | 27.42 | Equity |
| KVG Stade GmbH & Co. KG | Stade (Germany) | Germany | 4,600,000 | Verkehrsbetriebe Osthannover GmbH Non-controlling interests | 60.00 40.00 | 31.02 | Equity |
| KVG Stade Verwaltungs GmbH | Stade (Germany) | Germany | 25,000 | Verkehrsbetriebe Osthannover GmbH Non-controlling interests | 60.00 40.00 | 26.97 | Equity |
| ODEG Ostdeutsche Eisenbahngesellschaft mbH | Parchim (Germany) | Germany | 500,000 | Prignitzer Eisenbahngesellschaft mbH Non-controlling interests | 50.00 50.00 | 50.00 | Equity |
| ODIG Ostdeutsche Instandhaltungsgesellschaft mbH | Eberswalde (Germany) | Germany | 250,000 | ODEG Ostdeutsche Eisenbahngesellschaft mbH | 100.00 | 50.00 | Equity |
| Verkehrsbetriebe Osthannover GmbH | Celle (Germany) | Germany | 600,000 | Osthannoversche Eisenbahnen AG | 100.00 | 44.95 | Equity |

(1) Figures expressed in local currency

Operating segment: Infrastructure

| | Registered office | Main office | Share capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|---|----------------------------|----------------|---------------|--|--------------------|-------------------|----------------------|
| Abroad | | | | | | | |
| Operation Alliance OPS Co | Riyadh (Saudi Arabia) | Saudi Arabia | 100,000 (1) | FSI Saudi Arabia for Land Transport LLC Non-controlling interests | 50.00 50.00 | 50.00 | Equity |
| Italferr+Altinok partnership | Istanbul (Turkey) | Turkey | 1,000 (1) | Italferr S.p.A. Altinok Mühendislik Taahhüt San. Ve Tic. Ltd. Şti. Italferr S.p.A. Merkezi İtalya İstanbul | 50.10 49.90 | 50.10 | Equity |
| SWS Italferr Adi Ortakligi | Ankara (Turkey) | Turkey | 1,000 (1) | Merkez Şubesi SWS Global Mühendislik Proje Taahhüt San. ve Tic. A.Ş. | 50.00 50.00 | 50.00 | Equity |
| Tunnel Euralpin Lyon Turin - TELT SaS (formerly Lyon-Turin Ferroviarie - LTF Sas) | Le Bourget du Lac (France) | Italy - France | 1,000,000 | FS Italiane S.p.A. Non-controlling interests | 50.00 50.00 | 50.00 | Equity |

(1) Figures expressed in local currency

3. LIST OF ASSOCIATES

Operating segment: Transport

| | Registered office | Main office | Share/quota capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|---|----------------------|-------------|---------------------|---|-------------------------|-------------------|----------------------|
| In Italy | | | | | | | |
| Alpe Adria S.p.A. | Trieste | Italy | 120,000 | Mercitalia Rail S.r.l. Non-controlling interests | 33.33 66.67 | 33.33 | Equity |
| Eurogateway S.r.l. | The HS | Italy | 600,000 | Mercitalia Intermodal S.p.A. Mercitalia Rail S.r.l. Non-controlling interests | 38.95 11.58 49.47 | 32.33 | Equity |
| FNM S.p.A. (formerly Ferrovie Nord Milano S.p.A.) | Milan | Italy | 230,000,000 | FS Italiane S.p.A. Non-controlling interests | 14.74 85.26 | 14.74 | Equity |
| LI-NEA S.p.A. | Scandicci (Florence) | Italy | 450,000 | Ataf Gestioni S.r.l. Non-controlling interests | 34.00 66.00 | 23.80 | Equity |
| METRO 5 S.p.A. | Milan | Italy | 53,300,000 | FS Italiane S.p.A. Non-controlling interests | 36.7 63.3 | 36.70 | Equity |

| | Registered office | Main office | Share capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|---|-------------------------|----------------|---------------|---|------------------------|-------------------|----------------------|
| Abroad | | | | | | | |
| Cesar Information Services - CIS Srl | Brussels (Belgium) | Belgium | 100,000 | Mercitalia Intermodal S.p.A. (formerly CEMAT S.p.A.) Non-controlling interests | 25.10 74.90 | 13.37 | Equity |
| CeBus GmbH & Co. KG | Celle (Germany) | Germany | 25,000 | Kraftverkehr Celle Stadt und Land GmbH Celler Straßenbahngesellschaft mbH Non-controlling interests | 34.50 1.00 64.50 | 9.46 | Equity |
| CeBus Verwaltungsgesellschaft mbH | Celle (Germany) | Germany | 25,000 | Kraftverkehr Celle Stadt und Land GmbH Celler Straßenbahngesellschaft mbH Non-controlling interests | 34.40 1.00 64.60 | 9.43 | Equity |
| Celler Straßenbahngesellschaft mbH | Celle (Germany) | Germany | 572,680 | Kraftverkehr Celle Stadt und Land GmbH Non-controlling interests | 34.70 65.30 | 9.51 | Equity |
| EVG Euregio - Verkehrsgesellschaft mbH & Co. KG | Münster (Germany) | Germany | 84,000 | Verkehrsbetriebe Bils GmbH Non-controlling interests | 29.67 70.33 | 29.67 | Equity |
| EVG Euregio Verwaltungs- und Beteiligungs GmbH | Münster (Germany) | Germany | 36,000 | Verkehrsbetriebe Bils GmbH Non-controlling interests | 29.67 70.33 | 29.67 | Equity |
| First Trenitalia West Coast Limited | London (United Kingdom) | United Kingdom | 100 (1) | Trenitalia UK Limited Non-controlling interests | 30.00 70.00 | 30.00 | Equity |
| Hafen Lüneburg GmbH | Lüneburg (Germany) | Germany | 1,750,000 | Osthannoversche Eisenbahnen AG Non-controlling interests | 30.00 70.00 | 26.25 | Equity |
| Logistica SA | Levallois (France) | France | 37,000 | Mercitalia Rail S.r.l. Non-controlling interests | 50.00 50.00 | 50.00 | Equity |
| Ostmecklenburgische Bahnwerk GmbH | Neustrelitz (Germany) | Germany | 25,000 | Prignitzer Eisenbahn GmbH Non-controlling interests | 49.00 51.00 | 49.00 | Equity |

Operating segment: Infrastructure

| | Registered office | Main office | Share/quota capital | Investor | % of voting rights | % of equity ratio | Consolidation method |
|---|--------------------------|-----------------|---------------------|---|--------------------|-------------------|----------------------|
| In Italy | | | | | | | |
| Autostrada Asti - Cuneo S.p.A. | Rome | Italy | 200,000,000 | Anas S.p.A. Non-controlling interests | 35.00 65.00 | 35.00 | Equity |
| Concessioni Autostradali Lombarde - CAL S.p.A. | Milan | Italy | 4,000,000 | Anas S.p.A. Non-controlling interests | 50.00 50.00 | 50.00 | Equity |
| Concessioni Autostradali Venete - CAV S.p.A. | Venice | Italy | 2,000,000 | Anas S.p.A. Non-controlling interests | 50.00 50.00 | 50.00 | Equity |
| Brenner base tunnel – Brenner Basistunnel BBT SE | Bolzano | Italy - Austria | 10,240,000 | Tunnel Ferroviario del Brennero S.p.A. Non-controlling interests | 50.00 50.00 | 44.87 | Equity |
| Quadrante Europa Terminal Gate S.p.A. | Verona | Italy | 16,876,000 | RFI S.p.A. Non-controlling interests | 50.00 50.00 | 50.00 | Equity |
| Società Italiana Autostradale del Frejus - Sitaf S.p.A. | Susa | Italy | 65,016,000 | Anas S.p.A. Non-controlling interests | 31.74 68.26 | 31.74 | Equity |
| Società Italiana per il Traforo del Monte Bianco S.p.A. | Prè Saint Didier (Aosta) | Italy | 198,749,200 | Anas S.p.A. Non-controlling interests | 32.12 67.88 | 32.12 | Equity |
| Terminal Tremestieri S.r.l. | Messina | Italy | 78,363 | Bluferries S.r.l. Non-controlling interests | 33.33 66.67 | 33.33 | Equity |

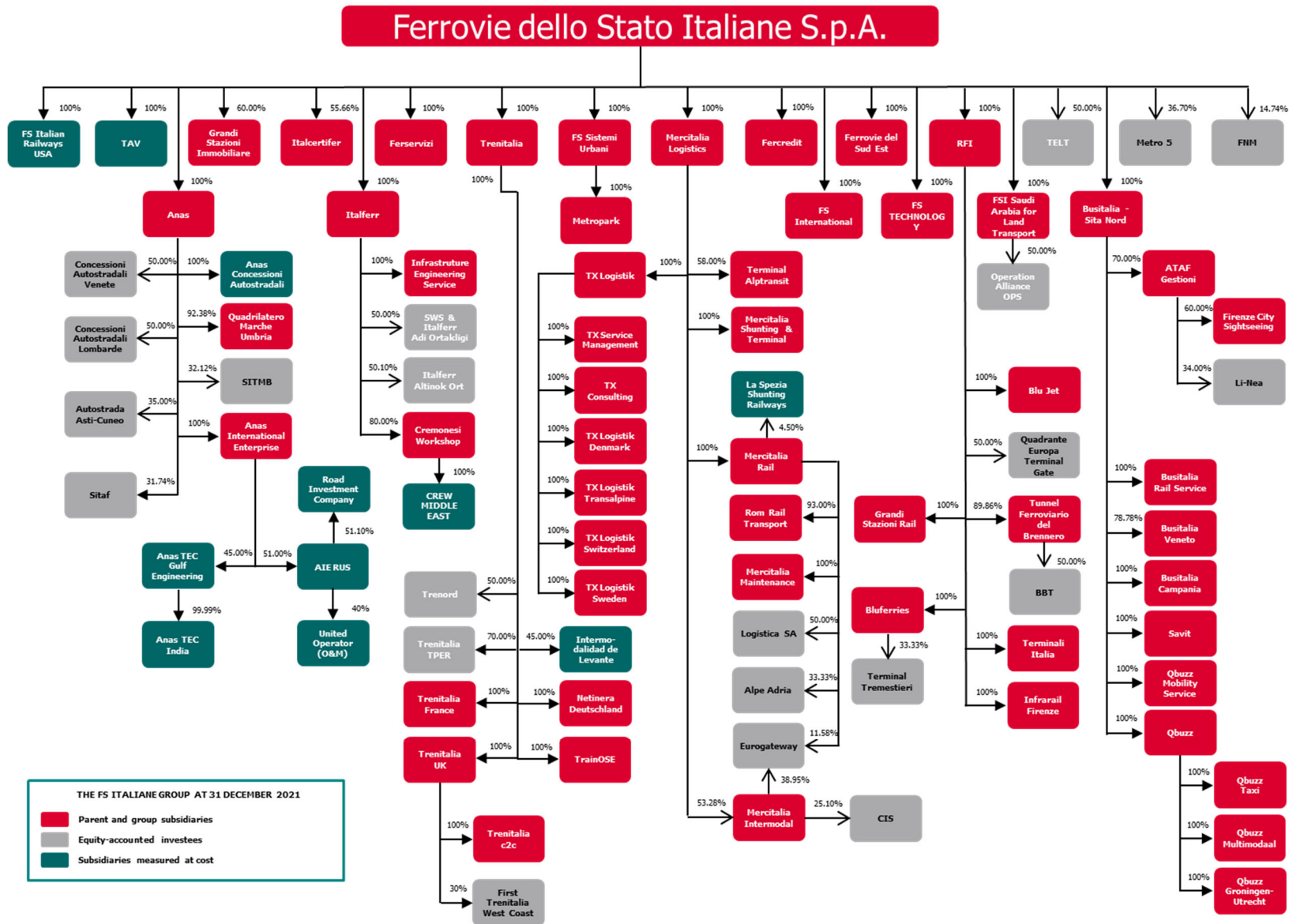
4. LIST OF OTHER UNCONSOLIDATED EQUITY INVESTMENTS

| | Registered office | Share/ quota capital | Investor | % of voting rights |
|--|-------------------|----------------------|--|------------------------|
| In Italy | | | | |
| Anas Concessioni Autostradali S.p.A. | Rome | 1,000,000 | Anas S.p.A. | 100.00 |
| Autostrade del Lazio S.p.A. in liquidation | Rome | 350,164 | Anas S.p.A. Non-controlling interests | 50.00 50.00 |
| La Spezia Shunting Railways S.p.A. | La Spezia | 1,000,000 | Mercitalia Rail S.r.l. Non-controlling interests | 4.50 95.50 |
| NUGO S.p.A. - in liquidation | Roma | 1,000,000 | FS Italiane S.p.A. | 100.00 |
| Sita S.p.A. in liquidation | Rome | 200,000 | FS Italiane S.p.A. Non-controlling interests | 55.00 45.00 |
| Stretto di Messina S.p.A. in liquidation | Rome | 383,179,794 | Anas S.p.A. RFI S.p.A. Non-controlling interests | 81.85 13.00 5.15 |
| TAV S.r.l. | Rome | 50,000 | FS Italiane S.p.A. | 100.00 |

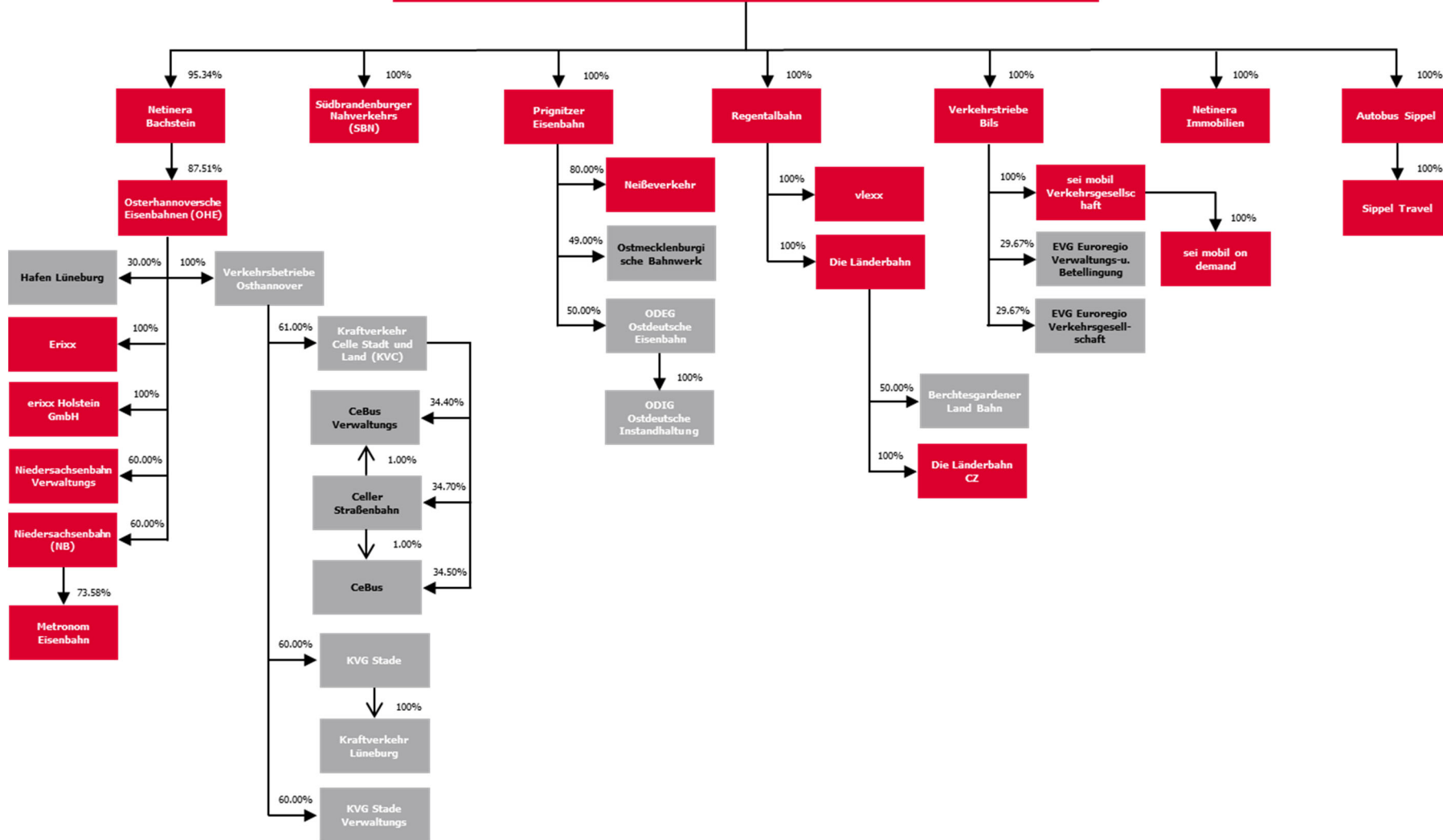
| | Registered office | Share capital | Investor | % of voting rights |
|---------------------------------------|---|-----------------|---|-----------------------|
| Abroad | | | | |
| Anas International Enterprise RUS LLC | Moscow (Russia) | 63,000 (1) | Anas International Enterprise S.p.A. Non-controlling interests | 51.00 49.00 |
| Anas Tec Gulf Engineering LLC | Doha (Qatar) | 50,000 (1) | Anas International Enterprise S.p.A. Non-controlling interests | 45.00 55.00 |
| Anas Tec India Private Limited | Vijaywada, Krishna, State of Andhra Pradesh (India) | 235,282,002 (1) | Anas Tec Gulf Engineering LLC Non-controlling interests | 99.99 0.01 |
| Crew Middle East DMCC | Dubai (United Arab Emirates) | 25,220 (1) | Cremonesi Workshop S.r.l. | 100.00 |
| Intermodalidad de Levante SA | Valencia (Spain) | 1,560,000 | Trenitalia S.p.A. Non-controlling interests | 45.00 55.00 |
| FS Italian Railways Thailand Ltd | Bangkok (Thailand) | 2,415,923 (1) | FS International S.p.A. Grandi Stazioni Rail S.p.A. FSTechnology S.p.A. | 99.00 0.50 0.50 |
| FS Italian Railways US Inc | New York City (New York) | 100,000 (1) | FS Italiane S.p.A. | 100.00 |
| Road Investment Company (RIC) LLC | Moscow (Russia) | 500,000 (1) | Anas International Enterprise RUS LLC Non-controlling interests | 51.10 48.90 |
| United Operator (O&M) | Moscow (Russia) | 10,000 (1) | Anas International Enterprise RUS LLC Non-controlling interests | 40.00 60.00 |

(1) Figures expressed in local currency

5. CONSOLIDATION MAP OF FERROVIE DELLO STATO ITALIANE GROUP



Netinera Deutschland GmbH



THE NETINERA GROUP AT 31 DECEMBER 2021

- Parent and group subsidiaries
- Equity-accounted investees
- Subsidiaries measured at cost

6. DISCLOSURE PURSUANT TO LAW NO. 124/2017

FERROVIE DELLO STATO ITALIANE

| Provider | | Amount in € |
|------------------|--------------|-------------|
| MIMS to TELT Sas | Chapter 7532 | 153,576,725 |

FERSERVIZI

| Provider | | Amount in € |
|-------------|--------------------|-------------|
| Fondimpresa | Loans for training | 43,000 |

TRENITALIA

| Provider | | Amount in € |
|-----------------------------------|--|-------------|
| Fondo Impresa | Grants for training | 108,824 |
| ART Calabria | compensation for loss of traffic revenue | 2,167,292 |
| Lazio region | compensation for loss of traffic revenue | 13,954,911 |
| Liguria region | compensation for loss of traffic revenue | 6,283,124 |
| Marche region | compensation for loss of traffic revenue | 2,732,700 |
| Sardinia region | compensation for loss of traffic revenue | 1,540,745 |
| Infrastrutture Venete | compensation for loss of traffic revenue | 15,318,033 |
| Umbria region | compensation for loss of traffic revenue | 2,844,060 |
| Friuli-Venice-Giulia region | compensation for loss of traffic revenue | 1,788,824 |
| Tuscany region | compensation for loss of traffic revenue | 8,364,457 |
| Trento region | compensation for loss of traffic revenue | 2,023,787 |
| Aosta Valley Region | compensation for loss of traffic revenue | 279,051 |
| Abruzzo region | compensation for loss of traffic revenue | 868,639 |
| Basilicata region | compensation for loss of traffic revenue | 67,063 |
| Campania region | compensation for loss of traffic revenue | 9,145,129 |
| Sicily region | compensation for loss of traffic revenue | 5,813,546 |
| Agenzia della Mobilità Piemontese | compensation for loss of traffic revenue | 13,421,275 |

RETE FERROVIARIA ITALIANA

| Provider | | Amount in € |
|---|-------------------------------|---------------|
| Local bodies | Grants related to assets | 164,183,163 |
| MEF | Grants related to assets | 7,503,353,962 |
| Ministry of Infrastructure and Sustainable Mobility | Grants related to assets | 429,956,617 |
| Prime Minister | Grants related to assets | 120,487,075 |
| EU | Grants related to assets | 136,789,035 |
| MEF | Grants related to income | 1,065,556,791 |
| Ministry of Infrastructure and Sustainable Mobility | Grants related to income | 153,240,000 |
| Ministry of Infrastructure and Sustainable Mobility Chapter 1274 - freight transport incentives | Grants | 199,800,000 |
| CSEA | Grants | 422,867,818 |
| Fondimpresa | Aid for training (article 31) | 1,710,365 |

ANAS

| Provider | | Amount in € |
|--|--------------------------|---------------|
| MIT | Grants related to assets | 1,680,585,000 |
| Local bodies | Grants related to assets | 314,654,000 |
| Local bodies - EU (POR programmes) | Grants related to assets | 4,977,000 |
| Grants collected by Quadrilatero on behalf of Anas | Grants related to assets | 118,178,000 |
| Grants collected by CAV | Grants related to assets | 1,674,000 |

GRANDI STAZIONI RAIL

| Provider | | Amount in € |
|---|--|-------------|
| Ministry of Infrastructure and Transport | Grants for the redevelopment and construction of large stations complementary infrastructure | 9,133,941 |
| Ministry of Infrastructure and Sustainable Mobility | Grants for the redevelopment and accessibility of large railway stations | 6,253,938 |

ITALFERR

| Provider | | Amount in € |
|-----------------------------|--|-------------|
| Italian government | Fiscally-driven depreciation (article 50 DL no. 34/2020) | 31,000 |
| ESA (European Space Agency) | Grants related to income | 82,000 |

METROPARK

| Provider | | Amount in € |
|-------------------------------|-----------------|-------------|
| Municipality of Albano | Lease of spaces | 25,000 |
| Municipality of Certaldo | Lease of spaces | 20,000 |
| Municipality of Legnano | Lease of spaces | 17,000 |
| Municipality of Abbiategrasso | Lease of spaces | 14,000 |

MERCITALIA LOGISTICS

| Provider | | Amount in € |
|---|--|-------------|
| Electricity Services Operator (GSE) | Photovoltaic grants | 213,617 |
| Ministry of Infrastructure and Sustainable Mobility | Incentives to promote intermodality (Ferrobonus) | 1,487,158 |
| Ministry of Infrastructure and Sustainable Mobility | Freight grants | 1,949,380 |
| Grants Fondimpresa | Inter-professional fund for continuous training | 9,598 |
| 2020 tax credit for sanitation and PPE | Tax credit | 3,868 |
| Lugo Terminal S.p.A. | Re-crediting of Ferrobonus incentives | 14,189 |
| CFI Intermodal S.r.l. | Re-crediting of Ferrobonus incentives | 4,976 |
| Mercitalia Intermodal S.p.A. | Re-crediting of Ferrobonus incentives | 416 |

MERCITALIA SHUNTING & TERMINAL

| Provider | | Amount in € |
|----------|------------------------------------|-------------|
| RFI | Grant pursuant to Law no. 190/2014 | 82,866 |
| MIT | Grants related to assets | 13,846 |
| GSE | Renewable energy grant | 2,101 |

MERCITALIA RAIL

| Provider | | Amount in € |
|----------|--|-------------|
| MIT | Grants related to income - road vehicles | 3,447,561 |
| MIT | Grants related to income - freight | 50,128,439 |
| MIT | Grants for training | 130,102 |
| MIT | 2018 grant to train drivers | 859,619 |

MERCITALIA INTERMODAL

| Provider | | Amount in € |
|---|--|-------------|
| Ministry of Infrastructure and Sustainable Mobility | Incentives to promote intermodality (Ferrobonus) | 6,406,569 |
| Ministry of Infrastructure and Sustainable Mobility | Freight grants | 5,099,062 |
| Swiss Federal Transport Office | Freight grants | 2,769,575 |
| Autonomous province of Bolzano | Freight grants | 1,624,123 |
| Liguria region | Re-credit for decrease in mandatory fees pursuant to Decree law no. 109 of 28 September 2019 | 218,700 |
| Lombardy region | "Dote merci Ferroviaria" grant pursuant to article 4 of Regional law no. 42/2017 - 2021 | 106,551 |
| Piedmont region | Incentives to promote intermodality (Ferrobonus) | 83,800 |
| Tuscany region | Tuscany region grant | 41,941 |
| Fondo Impresa | Grants for training | 5,636 |

BUSITALIA CAMPANIA

| Provider | | Amount in € |
|--------------------|--|-------------|
| Campania region | Grants for investments (70%) in 21 buses | 2,982,833 |
| Campania region | Grants pursuant to Decree law no. 34/20 | 1,250,337 |
| Ministry of Labour | Grants for illness costs - 2021 | 29,349 |

BUSITALIA VENETO

| Provider | | Amount in € |
|------------------------|---|-------------|
| Municipality of Padua | grants related to vehicles | 435,000 |
| Municipality of Padua | grants related to vehicles | 170,000 |
| Municipality of Padua | social interest grants | 12,000 |
| Municipality of Padua | grants pursuant to regional decision no. 1320/2020 - LD 34 412ML - lower fee revenue for 2020 | 1,725,946 |
| Municipality of Padua | grants pursuant to regional decisions nos. 1814/2020 and 747/2021- lower fee revenue | 2,195,623 |
| Municipality of Padua | grants for technologies | 154,451 |
| Municipality of Rovigo | grants pursuant to Veneto regional decision no. 1814/2020 - lower fee revenue for 2020 | 51,582 |
| Municipality of Rovigo | grants pursuant to Veneto regional decision no. 1814/2020 - lower fee revenue for 2020 | 12,145 |
| Province of Padua | grants pursuant to Veneto regional decision no. 1814/2020 - lower fee revenue for 2020 | 1,534,014 |
| Province of Padua | grants pursuant to Veneto regional decision no. 1814/2020 - lower fee revenue for 2020 | 151,687 |
| Province of Padua | grants pursuant to Veneto regional decision no. 747/21 Ann. A | 396,908 |
| Province of Rovigo | grants pursuant to Veneto regional decision no. 1814/2020 - lower fee revenue for 2020 | 270,176 |
| Province of Rovigo | grants pursuant to Veneto regional decision no. 747/21 - lower fee revenue for 2021 | 63,615 |
| Province of Rovigo | grants related to vehicles | 7,667 |
| Province of Rovigo | grants related to vehicles | 1,802 |

ATAF GESTIONI

| Provider | | Amount in € |
|---|--|-------------|
| Ministry of Labour - Tuscany region | Grants pursuant to 2021 national labour agreement | 3,578,255 |
| Ministry of Labour- F24 form offsetting | 2021 illness costs | 47,471 |
| Tuscany region - Ataf&linea scarl | LD 19/04/2021 no. 137 - ADVANCE | 889,897 |
| Ministry of Labour | Grants pursuant to 2021 national labour agreement – first half | 2,146,953 |
| Ministry of Labour | Grants pursuant to 2021 national labour agreement - balance | 2,222,454 |
| Ministry of Labour | 2014 illness costs | 341,722 |
| Ministry of Labour | 2014 illness costs | 403,000 |
| Tuscany region | Grants related to assets | 795,317 |
| Tuscany region | Grants related to Covid-19 | 2,587,224 |

| | | |
|----------------|----------------------------|-----------|
| Tuscany region | Grants related to Covid-19 | 818,100 |
| Tuscany region | Grants related to Covid-19 | 1,625,926 |

BUSITALIA SITA NORD

| Provider | | Amount in € |
|-------------------------------------|--|-------------|
| Ministry of Labour (Tuscany region) | Grants pursuant to 2021 national labour agreement- advance payment | 1,513,410 |
| Ministry of Labour (Tuscany region) | Grants pursuant to 2021 national labour agreement - balance | 1,628,417 |
| Ministry of Labour (Umbria region) | Grants pursuant to 2021 CCNL - advance payment | 5,994,795 |
| Ministry of Labour (Umbria region) | Grants pursuant to 2019 national labour agreement- third advance payment | 2,551,591 |
| Ministry of Labour (Umbria region) | Grants pursuant to 2020 national labour agreement- advance payment | 6,159,091 |
| Consip - One Scarl Umbria region | Grants to purchase buses | 844,812 |
| Umbria region | Grants to finance buses - MIT MEF 2016 | 3,020,732 |
| Umbria region | Grants to finance buses POR FERS 2019 | 1,852,850 |
| Tuscany region | Grants for buses | 272,534 |
| Ministry of Labour | 2014 illness costs | 162,525 |
| Ministry of Labour | 2015 illness costs | 851,705 |
| Umbria region | Grants for Covid-19 | 96,506 |
| Umbria region | Grants for Covid-19 | 42,238 |
| Umbria region | Grants for Covid-19 | 102,531 |
| Umbria region - via Scarl | Grants for Covid-19 | 891,939 |
| Umbria region - via Scarl | Grants for Covid-19 | 390,379 |
| Umbria region - via Scarl | Grants for Covid-19 | 759,246 |
| Tuscany region - via Scarl | Grants for Covid-19 | 100,374 |
| Tuscany region - via Scarl | Grants for Covid-19 | 87,969 |
| Tuscany region - via Scarl | Grants for Covid-19 | 19,049 |
| Tuscany region - via Scarl | Grants for Covid-19 | 188,343 |
| Tuscany region - via Scarl | Grants for Covid-19 | 19,049 |

FERROVIE DEL SUD EST

| Provider | | Amount in € |
|---------------|--|-------------|
| Puglia region | Triggiano - Capurso undergrounding and doubling of the Mungivacca - Noicattaro rail link south-east of the Bari area | 41,957,211 |
| Puglia region | Installation of the land-based subsystem (Bari ring) TSCS ENCODER | 1,118,074 |
| Puglia region | Installation of rail structure at the Bari ring | 5,585,758 |
| Puglia region | Martina/Lecce/Gagliano LRT. Automation and elimination of level crossings | 26,000,000 |
| Puglia region | One electric train | 1,596,000 |
| Puglia region | Four electric trains | 8,386,000 |
| Puglia region | TSCS whole network | 1,952,760 |

| | | |
|---------------|----------------------|-----------|
| Puglia region | Four electric trains | 3,497,620 |
|---------------|----------------------|-----------|

FS TECHNOLOGY

| Provider | | Amount in € |
|---------------------|----------------------|-------------|
| European Commission | Project Chariot | 237,054 |
| European Commission | Project Sprint-final | 179,359 |
| European Commission | Project Orchestra | 137,156 |
| European Commission | Project IP4MAS | 74,375 |
| European Commission | Project 5GEVE | 64,790 |

QUADRILATERO MARCHE UMBRIA

| Provider | | Amount in € |
|--|--|-------------|
| Cassa Depositi e Prestiti | Grant pursuant to CIPE resolution no. 101/06 "former PAV" to finance the third and fourth functional section of the Pedemontana | 17,318,000 |
| Ministry of Infrastructure and Sustainable Mobility | CIPE resolution 109/2015 Law no. 164/2014 | 44,818,000 |
| Marche region | Loans for Pedemontana Marche master agreement | 6,009,000 |
| Marche chamber of commerce, industry, the trades and agriculture | Agreement entered into with the Macerata chamber of commerce on 7 November 2007 | 448,000 |
| Anas S.p.A. | MIT-Anas 2016-2020 Government Programme Contract (CIPE resolution no. 65 of 7 August 2017) ML2 sub 1.1 P.V. 5 | 9,592,000 |
| Anas S.p.A. | MIT-Anas 2016-2020 Government Programme Contract (CIPE resolution no. 65 of 7 August 2017) ML1 sub 2.5 P.V. 10 | 5,000 |
| Anas S.p.A. | 2018/2019 rider to the MIT/Anas 2016/2020 Government Programme Contract related to the Budget act no. 205/2017, article 1.1164 P.V.6 QU6 | 3,644,000 |
| Ministry of Infrastructure and Sustainable Mobility | CIPE resolution no. 64 of 1 December 2016 Arbitration award | 49,585,000 |

Annex: GRI Content Index

Introduction to the GRI content index (reporting scope)

Various reporting scopes have been drawn based on materiality (real or potential impact considering the material topics and the nature of the companies' business) and control (direct/indirect) depending on the reference issue:

- Group profile and compliance: Ferrovie dello Stato Italiane S.p.A. (the group's parent) and consolidated companies (see the 2021 Annual Report, annex "Consolidation scope and the group's equity investments");
- Governance: Ferrovie dello Stato Italiane S.p.A.;
- Financial figures: Ferrovie dello Stato Italiane S.p.A. (the group's holding) and consolidated companies (see the 2021 Annual Report, Annex "Consolidation scope and the group's equity investments");
- Customer data⁶⁵ ("Putting the needs of people and customers first"): the consolidated companies that provide public services and conduct customer satisfaction surveys:

| Operating segment | Direct subsidiaries | Indirect subsidiaries |
|--|---|--|
| Infrastructure | Rete Ferroviaria Italiana S.p.A. Anas S.p.A. | |
| Transport (passenger railway) | Trenitalia S.p.A. Ferrovie del Sud Est e Servizi Automobilistici S.r.l. | TrainOSE SA Netinera group Trenitalia c2c Limited |
| Transport (passenger road) | Busitalia - Sita Nord S.r.l. Ferrovie del Sud Est e Servizi Automobilistici S.r.l. | Busitalia Campania S.p.A. Busitalia Veneto S.p.A. Qbuzz BV |
| Transport (freight by rail) | Mercitalia Logistics S.p.A. | Mercitalia Rail S.r.l. Mercitalia Shunting & Terminal S.r.l. |

⁶⁵Unlike 2020, no figures on the LPT services offered in Tuscany have been included. ATAF Gestioni has been deconsolidated.

- Security data (“Promoting security”, “Security, information security and privacy”, “Sustainable infrastructure”): companies responsible for traffic safety on the rail and road network; work contracts on railway infrastructure; security on core assets functional to railway operations; companies offering services to the public:

| Operating segment | Direct subsidiaries | Indirect subsidiaries |
|--------------------------------------|---|--|
| Infrastructure | Rete Ferroviaria Italiana S.p.A. Anas S.p.A. Italferr ⁶⁶ S.p.A. | |
| Transport (passenger railway) | Trenitalia S.p.A. Ferrovie del Sud Est e Servizi Automobilistici S.r.l. | Trainose SA Netinera group Trenitalia c2c Limited Trenitalia France SAS |
| Transport (passenger road) | Busitalia - Sita Nord S.r.l. Ferrovie del Sud Est e Servizi Automobilistici S.r.l. | Busitalia Campania S.p.A. Busitalia Veneto S.p.A. Qbuzz BV |
| Transport (freight by rail) | Mercitalia Logistics S.p.A. | Mercitalia Rail S.r.l. Mercitalia Shunting & Terminal S.r.l. |

- Data relating to personnel (“Our people and their value”): they relate to Ferrovie dello Stato Italiane S.p.A. and consolidated companies (see the 2021 Annual Report, annex “Consolidation scope and the group’s equity investments”). Generally speaking, the scope of the detailed analyses required by the standards applied to prepare the non-financial statement (NFS) (e.g., turnover, personnel distribution, remuneration, training, etc.) encompasses approximately 76% of the group’s total workforce⁶⁷. In addition to the parent, Ferrovie dello Stato Italiane S.p.A., this information covers:

| Operating segment | Direct subsidiaries | Indirect subsidiaries |
|--------------------------------------|--|---|
| Infrastructure | Rete Ferroviaria Italiana S.p.A. Italferr S.p.A. | Terminali Italia S.r.l. Grandi Stazioni Rail S.p.A. Cremonesi Workshop |
| Transport (passenger railway) | Trenitalia S.p.A. Ferrovie del Sud Est e Servizi Automobilistici S.r.l. | |
| Transport (passenger road) | | Busitalia Campania S.p.A. Busitalia Veneto S.p.A. Busitalia Rail Service S.r.l. |
| Transport (freight by rail) | Mercitalia Logistics S.p.A. | Mercitalia Rail S.r.l. Mercitalia Intermodal S.p.A. |
| Real Estate Services | FS Sistemi Urbani S.r.l. Grandi Stazioni Immobiliare S.p.A. | |
| Other Services | Ferservizi S.p.A. Italcertifer S.p.A. Nugo S.p.A. FSTechnology S.p.A. FS International | |

- Environmental data (“Energy and emissions”, “Other impacts”): in addition to the parent, the environmental data cover the consolidated companies over which FS Italiane S.p.A. exercises direct control (excluding those that carry out financial and

⁶⁶ These data refer to civil and technological contracts in which Italferr S.p.A. is in charge of work management and/or coordination during the performance of works, to contracts relating to new HS/HC lines entrusted to general contractors in which Italferr S.p.A. is in charge of safety work management and supervision and, finally, to contracts with general contractors in which Italferr S.p.A. is in charge of work management and safety supervision. The data are available in the paragraph “Responsible purchasing”.

⁶⁷ Information that refers to another scope is specifically noted in the paragraph.

certification/inspection activities in the rail transport sector, whose impact is not considered material) and those which it controls indirectly, with more than 100 employees.

| Operating segment | Direct subsidiaries | Indirect subsidiaries |
|--------------------------------------|--|---|
| Infrastructure | Rete Ferroviaria Italiana S.p.A. | Terminali Italia S.r.l. Bluferries S.r.l. Blu Jet S.r.l. Grandi Stazioni Rail S.p.A. |
| | Anas S.p.A. Italferr S.p.A. ⁶⁸ | |
| Transport (passenger railway) | Trenitalia S.p.A. Ferrovie del Sud Est e Servizi Automobilistici S.r.l. | TrainOSE SA Netinera group Trenitalia c2c Limited Trenitalia France SAS |
| Transport (passenger road) | Busitalia - Sita Nord S.r.l. | Ataf Gestioni S.r.l. Busitalia Campania S.p.A. Busitalia Veneto S.p.A. Qbuzz BV |
| Transport (freight by rail) | Mercitalia Logistics S.p.A. | Mercitalia Rail S.r.l. Mercitalia Shunting & Terminal S.r.l. TX Logistik AG |
| Real Estate Services | FS Sistemi Urbani S.r.l. | |
| Other Services | Ferservizi S.p.A. | |

- Data on suppliers (“Responsible purchasing”): these data refer to external companies with which the group companies included in the environmental boundary carry out direct transactions.

The bridging table below matches the identified material topics, the associated GRI topic and the related reporting boundary. The actual or potential impacts, either internal or external to the group’s boundary, of each GRI aspect related to the identified material topics have been considered.

⁶⁸ The environmental impacts of the work sites in which Italferr is in charge of work management are presented separately in order to eliminate from the annual changes in indicators the effects of the trend of work site activities which, by their very nature, are not characterised by continuous and regular volumes.

| MATERIAL TOPICS FOR THE THE FS ITALIANE GROUP | INTERNAL SCOPE | EXTERNAL BOUNDARY | GRI STANDARDS AND DISCLOSURES | NOTES | |
|---|--|--|--|--|--|
| Circular economy and responsible purchases | <i>FS Italiane group</i> | <i>Supply chain</i> | Materials Water and water discharges Waste Environmental compliance | GRI 301 GRI 303 GRI 306 GRI 307 | The impact assessment for the external scope includes work site operations and supplier assessments. |
| Climate change mitigation | <i>FS Italiane group</i> | <i>Supply chain</i> | Energy Emissions | GRI 302 GRI 305 | The impact assessment for the external scope includes work site operations and supplier assessments. |
| Ethical and responsible business | <i>FS Italiane group</i> | <i>Supply chain Country system</i> | Economic performance Anti-corruption Anti-competitive behaviour Tax Security practices Customer privacy Public policy Socioeconomic compliance | GRI 201 GRI 205 GRI 206 GRI 207 GRI 410 GRI 418 GRI 415 GRI 419 | |
| Circular economy and responsible purchases | <i>FS Italiane group</i> | <i>Supply chain</i> | Procurement practices Supplier environmental assessment Non-discrimination Freedom of association and collective bargaining Child labour Forced or compulsory labour Human rights assessment Supplier social assessment | GRI 204 GRI 308 GRI 406 GRI 407 GRI 408 GRI 409 GRI 412 GRI 414 | |
| Innovation, digitalisation and cybersecurity | <i>FS Italiane group</i> | <i>Customers Country system</i> | - | - | |
| Value for customers | <i>FS Italiane group</i> | <i>Customers Country system</i> | Local communities | GRI 413 | |
| Value for customers | <i>FS Italiane group</i> | <i>Customers</i> | Approach to stakeholder engagement | GRI 102 | |
| People's safety: values, technology and culture | <i>FS Italiane group Employees</i> | <i>Customers' supply chain</i> | Occupational health and safety Customer health and safety | GRI 403 GRI 416 | The impact assessment for the supply chain includes work site operations and supplier assessments |
| Inclusion, enhancement and development of people | <i>FS Italiane group Employees</i> | | Employment Labour/management relations Training and education Diversity and equal opportunity Non-discrimination | GRI 401 GRI 402 GRI 404 GRI 405 GRI 406 | |
| Resilient infrastructure and mobility systems | <i>FS Italiane group</i> | <i>Customers Country system</i> | - | - | |

GRI content index

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|-------------------------------------|---|--|---|
| GRI 102: General disclosures | | | |
| Organisational profile | | | |
| 102-1 | Name of the organization | Group highlights | |
| 102-2 | Activities, brands, products, and services | Business model Segment economic performance Scenario and focus on FS Italiane group - Market performance and focus on Ferrovie dello Stato Italiane group | |
| 102-3 | Location of headquarters | Note - FS Italiane group's business and structure of the consolidated financial statements | |
| 102-4 | Location of operations | Segment economic performance Scenario and focus on FS Italiane group - Market performance and focus on Ferrovie dello Stato Italiane group Annexes - Scope of consolidation and the group's equity investments | |
| 102-5 | Ownership and legal form | Report on corporate governance and ownership structure Notes - Equity attributable to the owners of the parent | |
| 102-6 | Markets served | Segment economic performance Scenario and focus on FS Italiane group - Market performance and focus on Ferrovie dello Stato Italiane group Attachments - Scope of consolidation and the group's equity investments | |
| 102-7 | Scale of the organization | Group highlights Business model Segment economic performance Scenario and focus on FS Italiane group - Market performance and focus on Ferrovie dello Stato Italiane group Commitment to sustainable development - Human capital | |
| 102-8 | Information on employees and other workers | Commitment to sustainable development - Human capital | Employees carry out the group's significant activities. There were no significant changes in the workforce in 2021. |
| 102-9 | Supply chain | Commitment to sustainable development - Sustainable supply chain | |
| 102-10 | Significant changes to the organization and its supply chain | Segment economic performance Scenario and focus on FS Italiane group - Market performance and focus on Ferrovie dello Stato Italiane group | There were no significant changes to the organisation or supply chain in 2021. |
| 102-11 | Precautionary principle or approach | Commitment to sustainable development – Approach, commitment and practices Report on corporate governance and the ownership structure – The internal control and risk management system | The group applies the precautionary principle in the assessment and management of economic, environmental and social risks. |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|-----------------------------|---|---|--|
| 102-12 | External initiatives | Commitment to sustainable development – Approach, commitment and practices Commitment to sustainable development - Sustainable supply chain | |
| 102-13 | Membership of associations | Dialogue with stakeholders | |
| Strategy | | | |
| 102-14 | Statement from senior decision-maker | Chairman's letter Commitment to sustainable development – Approach, commitment and practices | |
| Ethics and integrity | | | |
| 102-16 | Values, principles, standards, and norms of behavior | Report on corporate governance and the ownership structure – Additional information on corporate governance Commitment to sustainable development – Approach, commitment and practices Commitment to sustainable development - Sustainable supply chain | https://www.fsitaliane.it/content/fsitaliane/it/il-gruppo-fs/governance/il-codice-etico-.html |
| Governance | | | |
| 102-18 | Governance structure | Report on corporate governance and ownership structure | |
| 102-22 | Composition of the highest governance body and its committees | Report on corporate governance and ownership structure | In the reporting period (2021), FS Italiane S.p.A.'s board of directors consisted of seven directors: the chairwoman, a CEO (a man) with extensive management delegations, and five non-executive and independent directors (two women and three men) as determined by said board based on the representations and information provided by the above directors and taking into account - although there is no formal obligation - the provisions of the Code of conduct for listed companies approved by Borsa Italiana. The members of FS Italiane S.p.A.'s Board of Directors did not hold any other offices in group bodies between 26 May 2021 and 31 December 2021. They held a total of 72 other offices and other types of commitments outside the group during the year, 17 of which entailed corporate positions in companies, while the remaining mainly consisted of positions/commitments with other entities, including universities, academic organisations, trade associations, non-profits and local organisations. There are no non-controlling investors or groups of shareholders. |
| 102-24 | Nominating and selecting the highest governance body | Report on corporate governance and the ownership structure: FS Italiane S.p.A.'s board of directors | |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|-------------------------------|--|---|---|
| Stakeholder engagement | | | |
| 102-40 | List of stakeholder groups | Dialogue with stakeholders | |
| 102-41 | Collective bargaining agreements | Commitment to sustainable development - Human capital | |
| 102-42 | Identifying and selecting stakeholders | Dialogue with stakeholders | |
| 102-43 | Approach to stakeholder engagement | Dialogue with stakeholders | |
| 102-44 | Key topics and concerns raised | Dialogue with stakeholders Commitment to sustainable development - The travel experience | |
| Reporting practice | | | |
| 102-45 | Entities included in the consolidated financial statements | Annexes – Consolidation scope and the group's equity investments | |
| 102-46 | Defining report content and topic boundaries | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information | |
| 102-47 | List of material topics | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information | |
| 102-48 | Restatements of information | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information | Any restatements/reclassifications are individually indicated in this document. |
| 102-49 | Changes in reporting | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information | Any restatements/reclassifications are individually indicated in this document. |
| 102-50 | Reporting period | | The reporting period is 2021. |
| 102-51 | Date of most recent report | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information | |
| 102-52 | Reporting cycle | | Sustainability reports are annual. |
| 102-53 | | | Email: rappertosostenibilita@fsitaliane.it |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|--------------------------------------|--|--|---------------------------------------|
| | Contact information for questions regarding the report | | Fax: 06 644102077 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information | |
| 102-55 | GRI content index | | GRI content index (available online). |
| 102-56 | External assurance | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information | |
| GRI 103: Management approach | | | |
| 103-1 | Explanation of the material topic and its boundary | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information | GRI content index (available online) |
| 103-2 | The management approach and its components | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodological notes Commitment to sustainable development: <ul style="list-style-type: none"> – Approach, commitment and practices – Environmental sustainability – The travel experience – Sustainable supply chain – Human capital – Commitment to the community | |
| 103-3 | Evaluation of the management approach | Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodological notes Commitment to sustainable development: <ul style="list-style-type: none"> – Approach, commitment and practices – Environmental sustainability – The travel experience – Sustainable supply chain – Human capital – Commitment to the community | |
| GRI 200: Economic topics | | | |
| GRI 201: Economic performance | | | |
| 201-1 | | Introduction – Income statement | |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|--|--|---|---|
| | Direct economic value generated and distributed | | |
| GRI 204: Procurement practices | | | |
| 204-1 | Proportion of spending on local suppliers | Commitment to sustainable development – Sustainable supply chain | |
| GRI 205: Anti-corruption | | | |
| 205-2 | Communication and training about anti-corruption policies and procedures | Report on corporate governance and ownership structure | |
| GRI 206: Anti-competitive behavior | | | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Context and focus on FS Italiane group - Transport Authority ("ART") regulations Other information | In the performance of their work, all employees and directors of the group companies scrupulously follow the restrictions of anti-trust legislation and carefully comply with the Anti-trust Compliance Manual and the Anti-trust Code of Conduct, an operating handbook that summarises the main rules of conduct to be followed in the event that one of the following circumstances arises or must be dealt with: (i) a possible initiative in violation of anti-trust legislation; (ii) inspections by an anti-trust authority; and (iii) management of a public procedure as contractor. |
| GRI 300: Environmental | | | |
| GRI 301: Materials | | | |
| 301-1 | Materials used by weight or volume | Commitment to sustainable development - Environmental sustainability | |
| GRI 302: Energy | | | |
| 302-1 | Energy consumption within the organization | Commitment to sustainable development - Environmental sustainability | |
| GRI 303: Water and effluents (2018) | | | |
| 303-1 | Interaction with water as a shared resource | Commitment to sustainable development - Environmental sustainability | |
| 303-2 | Management of water discharge-related impacts | Commitment to sustainable development - Environmental sustainability | |
| 303-3 | Water withdrawal | Commitment to sustainable development - Environmental sustainability | Given FS Italiane group's core businesses, there are no areas with water stress. |
| 303-4 | Water discharge | Commitment to sustainable development - Environmental sustainability | Given FS Italiane group's core businesses, there are no areas with water stress. |
| GRI 304: Biodiversity | | | |
| 304-1 | Operational sites owned, leased, | Commitment to sustainable development - Environmental sustainability | |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|---|--|---|---|
| | managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | | |
| GRI 305: Emissions | | | |
| 305-1 | Direct (Scope 1) GHG emissions | Commitment to sustainable development - Environmental sustainability | |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Commitment to sustainable development - Environmental sustainability | |
| GRI 306: Waste (2020) | | | |
| 306-1 | Waste generation and significant waste-related impact | Commitment to sustainable development - Environmental sustainability | |
| 306-2 | Management of significant waste-related impacts | Commitment to sustainable development - Environmental sustainability | |
| 306-3 | Waste generated | Commitment to sustainable development - Environmental sustainability | |
| 306-4 | Waste diverted from disposal | Commitment to sustainable development - Environmental sustainability | |
| 306-5 | Waste directed to disposal | Commitment to sustainable development - Environmental sustainability | |
| 306-3 | Significant spills | Commitment to sustainable development - Environmental sustainability | |
| GRI 308: Supplier environmental assessment | | | |
| 308-1 | New suppliers that were screened using environmental criteria | Commitment to sustainable development – Sustainable supply chain | |
| GRI 400: Social | | | |
| GRI 401: Employment | | | |
| 401-1 | New employee hires and employee turnover | Commitment to sustainable development - Human capital | To calculate employee turnover by age bracket, a more detailed disclosure than that required by the standard was used, as it is considered more meaningful. |
| GRI 403: Occupational health and safety (2018) | | | |
| 403-1 | Occupational health and safety management system | Commitment to sustainable development - Human capital Human capital - Management systems | |
| 403-2 | Hazard identification, risk assessment, and incident investigation | Commitment to sustainable development - Human capital Human capital - Management systems | |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|---|---|---|--|
| 403-3 | Occupational health services | Commitment to sustainable development - Human capital | |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | Commitment to sustainable development - Human capital | |
| 403-5 | Worker training on occupational health and safety | Commitment to sustainable development - Human capital | |
| 403-6 | Promotion of worker health | Commitment to sustainable development - Human capital | |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | | This indicator is not applicable since the group has control over both workers and the workplace |
| 403-9 | Work-related injuries | Commitment to sustainable development - Human capital Human capital – Management systems Commitment to sustainable development – Environmental sustainability | The other information required by the standard (403-9a and 403-9b) is not currently available for lack of the necessary data. An in-depth analysis is currently under way to structure a data collection process in the medium to long term. |
| GRI 404: Training and education | | | |
| 404-1 | Average hours of training per year per employee | Commitment to sustainable development - Human capital | |
| GRI 405: Diversity and equal opportunity | | | |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|---|---|---|--|
| 405-1 | Diversity of governance bodies and employees | Commitment to sustainable development - Human capital Report on corporate governance and the ownership structure - FS Italiane S.p.A.'s Board of directors - Composition and appointment | A more detailed breakdown of employees by age bracket than that required by the standard was used as it is considered more meaningful. |
| GRI 406: Non-discrimination | | | |
| 406-1 | Incidents of discrimination and corrective actions taken | | There were no incidents of discrimination in 2021. |
| GRI 407: Freedom of association and bargaining | | | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Commitment to sustainable development - Human capital Sustainable supply chain | There are no risks to the freedom of association and bargaining within the FS Italiane group. The group has established a system of relationships with the trade unions based on information and bargaining at various national and local levels with trade union representatives (national and local offices, unit representatives and company representatives). In addition, the FS Italiane group applies all inter-confederation agreements, including those on trade union representation. All group contracts require the full acceptance of the Code of Ethics. There are no suppliers or activities in which the right to freedom of association and collective bargaining is exposed to significant risk. |
| GRI 408: Child labour | | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labour | Commitment to sustainable development - Sustainable supply chain | All group contracts require the full acceptance of the Code of Ethics. There are no suppliers or activities with significant risk of child labour. |
| GRI 409: Forced or compulsory labour | | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | Commitment to sustainable development - Sustainable supply chain | All group contracts require the full acceptance of the Code of Ethics. There are no suppliers or activities with significant risk of forced labour. |
| GRI 412: Human Rights Assessment | | | |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | Commitment to sustainable development - Sustainable supply chain | To date, no agreements and/or contracts have been formalised with the inclusion of specific human rights clauses or that are subject to the evaluation of the effective implementation of human rights protection policies The group joined the UN's Global Compact (GC) network, undertaking to comply with the 10 human rights, labour environmental and anti-corruption principles and include them in its business. |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|--|---|---|---|
| | | | On 16 April 2019, FS Italiane S.p.A.'s board of directors approved the group's sustainability policy based on the SDGs and the principles of the UN Global Compact. |
| GRI 414: Supplier social assessment | | | |
| 414-1 | New suppliers that were screened using social criteria | Responsible purchasing - Sustainable infrastructure – Our suppliers, Responsible management and value creation Commitment to sustainable development – Sustainable supply chain | |
| GRI 415: Public policy | | | |
| 415-1 | Political contributions | | The group does not provide direct or indirect contributions, in any form, to political parties, movements, committees and political and trade unions organisations or their representatives, except for those due to specific regulations. Relationships with political parties, movements, committees and political and trade unions organisations are managed exclusively by formally designated company departments (article 5.5 of the group's Code of Ethics). |
| GRI 416: Customer health and safety | | | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | Travel safety | |
| GRI 418: Customer privacy | | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | | In 2021, there were the three data breaches within the scope customer privacy and losses of customer data: – a passenger's mobile phone number was accidentally sent to other passengers of the FA 8819 train when a rescheduling message was sent for this train. The other customers then contacted the passenger in question. The breach potentially resulted in 153 people receiving the customer's telephone number. Based on the following: 1. the type of personal data concerned (mobile phone number), 2. the text message that clearly stated the correct number to call to reschedule the trip, 3. the fact that the concerned party, seven days after the event, claims to have been contacted by "some customers", attaching screenshots of the text messages received from three customers who called him, suggesting that only a few customers had noted the number and 4. the inability for customers who have displayed the mobile phone number to identify the concerned person, |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|--|---|---|--|
| | | | <p>the potential negative consequences for the concerned person are deemed limited (if not negligible) and, therefore, can be resolved without particular difficulty.</p> <ul style="list-style-type: none"> - the customer care service accidentally included e-mail addresses in a message concerning train rescheduling - between March and November 2021, Trenitalia received 48 reports of unauthorised transfers of points accumulated as part of the Cartafreccia loyalty scheme during the year. Despite the small numbers, Trenitalia carried out in-depth checks that did not, however, reveal any breaches of the systems, indicating other types of fraud. Trenitalia filed a complaint in this respect and, as a precautionary measure, made a preliminary data breach notification to the data protection authority. <p>Furthermore, during the year, a report was received concerning the possible misconduct of a train conductor who, when checking tickets and green passes, allegedly read aloud the relevant personal data. Investigations are currently under way.</p> <p>With respect to the subsidiary Trenitalia c2c, the following possible data breaches were reported during the year:</p> <ul style="list-style-type: none"> - an e-mail was sent to the wrong addresses, containing details about the return to work and medical conditions; - a third party reported a data breach which was subsequently withdrawn since no data had been compromised; - a customer reported that, despite having withdrawn their consent, they continued to receive marketing communications. This issue was resolved after conducting an investigation; - a tracking cookie of the website was activated before consent was granted. This issue was resolved by the external party managing the site's functionality. <p>Netinera received some reports which were investigated and subsequently resolved. There were no reports from the relevant authorities.</p> |
| GRI 419: Socioeconomic compliance | | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Context and focus on FS Italiane group - Transport Authority ("ART") regulations Other information | <p>In 2021, the main group companies' most significant disputes in terms of potential financial costs related to:</p> <ul style="list-style-type: none"> - requests for classification to higher positions; - requests for acknowledgement of subordinated employment relationships submitted to companies alleging breach of current regulations prohibiting fraud in provision of labour; - joint obligation; - conversion of fixed-term and/or seafarers' employment contracts to open-ended contracts; - asbestos; - recalculation of post-employment benefits; - dispute about "apprenticeship contracts"; - rest periods pursuant to EC Regulation 561/2006; - remuneration of weekdays. |

| GRI INDICATORS | | CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16) | COMMENTS/DIRECT ANSWERS |
|----------------|--|---|-------------------------|
| | | | |

Certification of the Chief Executive Officer and the Manager in charge of the company's accounting documents preparation of the consolidated financial statements of Ferrovie dello Stato Italiane Group at 31 December 2021 pursuant to article 154-bis, paragraph 5, of Legislative decree no. 58/1998

1. The undersigned Luigi Ferraris and Roberto Mannozi, respectively as Chief Executive Officer and Manager in charge of the company's accounting documents preparation of Ferrovie dello Stato Italiane SpA, also considering the provisions of the article 154-bis paragraphs 3 and 4 of Legislative decree no. 58 of 24 February 1998, certify:

- the adequacy with regard to the characteristics of Ferrovie dello Stato Italiane Group and
- the effective application

of the administrative and accounting procedures in preparing the consolidated financial statements at 31 December 2021.

2. In this regard, we report that:

- a. the evaluation of the adequacy and effective application of the administrative and accounting procedures used to prepare the consolidated financial statements of the Ferrovie dello Stato Italiane Group was based on the internal control model, consistent with the "Internal Controls – Integrated Framework" issued by the "Committee of Sponsoring Organizations of the Treadway Commission" which represents an internationally-accepted framework for the internal control system;
- b. this evaluation did not identify any significant issues.

3. In addition, we certify that:

3.1. the consolidated financial statements:

- a. have been prepared according to the International Financial Reporting Standards endorsed by the European Community pursuant to regulation (CE) 1606/2002 of European Parliament and Council of 19 July 2002;
- b. correspond to the entries in the books and accounting records;
- c. provide a true and fair view of the financial position and results of operations of Ferrovie dello Stato Italiane SpA and the companies included in the Ferrovie dello Stato Italiane Group's consolidation scope.

3.2. the directors' report includes a reliable analysis of the financial position, performance and results of operations of Ferrovie dello Stato Italiane SpA and the consolidated companies as a whole, together with a description of the main risks and uncertainties to which they are exposed.

March 30, 2022

Luigi Ferraris

Chief Executive Officer

Firmato digitalmente da

Luigi Ferraris

O = FERROVIE DELLO STATO ITALIANE SPA
T = AMMINISTRATORE DELEGATO Roma
SerialNumber = TINIT-FRREGU62B23E514H
C = IT
Data e ora della firma: 30/03/2022 09:48:05

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Cod. Fisc. e P. Iva 06359501001 – R.E.A. 962805

Roberto Mannozi

Manager in charge of the company's accounting documents preparation

Firmato digitalmente da

Roberto Mannozi

CN = Mannozi Roberto
O = Ferrovie dello Stato Italiane SPA
C = IT



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the sole shareholder of
Ferrovie dello Stato Italiane S.p.A.*

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Ferrovie dello Stato Italiane Group (the "Group"), which comprise the statement of financial position as at 31 December 2021, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Ferrovie dello Stato Italiane Group as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Ferrovie dello Stato Italiane S.p.A. (the "Parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of non-current assets

Notes to the consolidated financial statements: note 6 "Accounting policies" paragraphs "Impairment losses on intangible assets and property, plant and equipment" and "Use of estimates and judgements", note 24 "Property, plant and equipment" and note 26 "Intangible assets"

| Key audit matter | Audit procedures addressing the key audit matter |
|--|--|
| <p>The consolidated financial statements at 31 December 2021 include property, plant and equipment of €47,049 million, intangible assets of €2,560 million, comprising Anas S.p.A.'s concession assets of €1,093 million, and goodwill of €109 million under non-current assets.</p> <p>The Directors tested the cash-generating units (CGUs) to which goodwill is allocated or that include other non-current assets for which indicators of impairment had been identified for impairment.</p> <p>They estimated the recoverable amount based on value in use, calculated using the discounted cash flow model. The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective, about:</p> <ul style="list-style-type: none"> — the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector and the actual cash flows generated by the CGU in recent years and the projected growth rates; — the financial parameters to be used to discount the above cash flows. <p>The Directors tested the Anas S.p.A.'s concession assets for impairment taking into account the changes, including to the law, introduced in 2021. They did not identify any impairment loss. In note 26 "Intangible assets", the Directors explain that, should the developments resulting from the ongoing discussions with supranational institutions lead to considerations and results that differ from expectations, the carrying amount of the concession will be decreased based on the cash flows indicated by the economic and financial plan, revised accordingly.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> — understanding the impairment testing procedure; — obtaining the 2022-2031 business plan approved by the Directors on 30 March 2022 (the "business plan"); — analysing the criteria used to identify the CGUs and tracing the amount of the CGUs' assets and liabilities to the relevant carrying amounts in the consolidated financial statements; — assessing the consistency of the cash flows used for impairment testing with the cash flows forecast in the business plan; — analysing the most significant discrepancies between past years' estimates and actual figures, in order to check the accuracy of the estimation process; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about non-current assets and the related impairment tests. |



For the above reasons, we believe that the recoverability of non-current assets is a key audit matter.

Calculation of amortisation and depreciation of railway infrastructure

Notes to the consolidated financial statements: note 6 "Accounting policies" paragraphs "RFI S.p.A.'s calculation of depreciation of property, plant and equipment" and "Use of estimates and judgements", note 24 "Property, plant and equipment", note 25 "Investment property" and note 26 "Intangible assets"

| Key audit matter | Audit procedures addressing the key audit matter |
|--|--|
| <p>The consolidated financial statements at 31 December 2021 include assets relating to railway infrastructure under property, plant and equipment, investment property and intangible assets.</p> <p>Calculating the amortisation and depreciation of these assets entails a complex accounting estimate that is, by its nature, subjective, as it is influenced by a number of factors, including:</p> <ul style="list-style-type: none">— the estimated production volumes expressed as train-km;— the estimated residual value;— the impacts of any changes to the regulatory framework. <p>Calculating amortisation and depreciation, therefore, requires a significant level of judgement by Directors. For the above reasons and due to the materiality of the relevant captions, we believe that the calculation of amortisation and depreciation of railway infrastructure is a key audit matter.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none">— analysing the process for the calculation of depreciation of railway infrastructure and the related IT environment and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls;— analysing the reasonableness of estimates of total production volumes expressed as train-km;— analysing historical figures to check the Directors' ability to make reliable estimates of production volumes expressed as train-km based on any discrepancies between forecast and actual figures;— analysing the reasonableness of the estimates made by the internal departments involved in the calculation of the residual value;— assessing the appropriateness of the disclosures provided in the notes about the amortisation and depreciation of railway infrastructure. |

Provisions for risks and charges - claims from suppliers for additional consideration

Notes to the consolidated financial statements: note 6 "Accounting policies" paragraphs "Provisions for risks and charges" and "Use of estimates and judgements" and note 40 "Provisions for risks and charges".

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| <p>The Ferrovie dello Stato Italiane Group's business is exposed to claims from suppliers for additional consideration.</p> <p>The consolidated financial statements at 31 December 2021 include accruals to other provisions also for these claims under "Provisions for risks and charges".</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none">— understanding the process for the measurement of the provisions for risks and charges relating to claims from suppliers for additional consideration and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; |

| Key audit matter | Audit procedures addressing the key audit matter |
|--|---|
| <p>Measuring provisions for risks and charges entails Directors' estimates about the outcome of claims which are complex and of an uncertain nature and required a high level of judgement by Directors.</p> <p>For the above reasons and due to the materiality of the relevant captions, we believe that the measurement of the provisions for risks and charges relating to claims from suppliers for additional consideration is a key audit matter.</p> | <ul style="list-style-type: none"> — analysing the discrepancies between past years' estimates of the provisions for risks and charges relating to claims from suppliers for additional consideration and actual figures resulting from their subsequent settlement, in order to check the accuracy of the estimation process; — sending written requests for information to the legal advisors assisting the group about the assessment of the risk of losing pending claims from suppliers for additional consideration and the quantification of the related liability; — for the main claims from suppliers for additional consideration, analysing the assumptions used to calculate the provisions for risks and charges through discussions with the relevant internal departments and analysis of the supporting documentation; — discussing assumptions or scenarios alternative to those used to calculate the provisions for risks and charges relating to claims from suppliers for additional consideration and the reasons for their rejection with the relevant internal departments; — analysing the events after the reporting date that provide information useful for an assessment of the provisions for risks and charges relating to claims from suppliers for additional consideration; — assessing the appropriateness of the disclosures provided in the notes about the provisions for risks and charges. |

Responsibilities of the Parent's Directors and Board of Statutory Auditors ("Collegio Sindacale") for the consolidated financial statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the Directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.



Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 4 November 2014, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2014 to 31 December 2022.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The Parent's Directors are responsible for the preparation of the Group's Directors' report and report on corporate governance and ownership structure at 31 December 2021 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the Directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2021 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the Directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2021 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.



Ferrovie dello Stato Italiane Group
Independent auditors' report
31 December 2021

**Statement pursuant to article 4 of the Consob regulation implementing
Legislative decree no. 254/16**

The Directors of Ferrovie dello Stato Italiane S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the Directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Rome, 14 April 2022

KPMG S.p.A.

(signed on the original)

Gabriele de Gennaro
Director of Audit



Separate financial statements of Ferrovie dello Stato Italiane S.p.A. as
at and for the year ended 31 December 2021



Financial statements

Income statement

| | Note | 2021 | 2020 |
|--|------|----------------------|----------------------|
| Revenue from sales and services | 4 | 153,011,925 | 188,535,042 |
| Other income | 5 | 9,857,360 | 8,275,836 |
| Total revenue | | 162,869,285 | 196,810,878 |
| Personnel expense | 6 | (65,162,304) | (61,840,530) |
| Raw materials, consumables, supplies and goods | 7 | (14,824,735) | (8,387,759) |
| Services | 8 | (152,717,226) | (170,269,015) |
| Use of third-party assets | 9 | (2,608,258) | (4,343,385) |
| Other operating costs | 10 | (33,471,684) | (12,100,159) |
| Internal work capitalised | 11 | 872,619 | 970,565 |
| Total operating costs | | (267,911,588) | (255,970,283) |
| Amortisation and depreciation | 12 | (24,585,028) | (22,976,676) |
| Net impairment losses | 13 | (1,760,185) | (5,156,590) |
| Operating loss | | (131,387,516) | (87,292,671) |
| Gains on equity investments | 14 | 65,209,726 | 130,829,816 |
| Other financial income | 14 | 139,137,779 | 165,233,654 |
| Losses on equity investments | 15 | (16,100,583) | (48,882,971) |
| Other financial expense | 15 | (89,372,695) | (132,310,594) |
| Net financial expense | | 98,874,227 | 114,869,905 |
| Pre-tax profit (loss) | | (32,513,289) | 27,577,234 |
| Income taxes | 16 | 32,650,282 | 13,381,785 |
| Profit from continuing operations | | 136,993 | 40,959,019 |
| Profit for the year | | 136,993 | 40,959,019 |

Statement of comprehensive income

Euros

| | Note | 2021 | 2020 |
|---|-------|------------------|-------------------|
| Profit for the year | | 136,993 | 40,959,019 |
| Items that will not be reclassified to profit or loss: | | | |
| Net actuarial losses | 28/30 | (262,158) | (237,899) |
| Tax effect on actuarial gains | 28/30 | 60,759 | 55,119 |
| Other comprehensive expense, net of the tax effect | | (201,399) | (182,780) |
| Comprehensive income (expense) | | (64,406) | 40,776,239 |

Statement of financial position

Euros

| | Note | 31.12.2021 | 31.12.2020 |
|--|------|-----------------------|-----------------------|
| Assets | | | |
| Property, plant and equipment | 17 | 48,358,406 | 50,788,278 |
| Investment property | 18 | 449,837,629 | 442,403,269 |
| Intangible assets | 19 | 53,533,929 | 50,147,475 |
| Deferred tax assets | 20 | 174,427,259 | 175,033,072 |
| Equity investments | 21 | 38,055,974,521 | 38,061,634,521 |
| Financial assets (including derivatives) | 22 | 8,358,805,216 | 6,840,307,296 |
| Trade receivables | 23 | 3,529,017 | 3,758,600 |
| Other assets | 24 | 24,595,193 | 24,065,497 |
| Total non-current assets | | 47,169,061,170 | 45,648,138,008 |
| Inventories | 25 | 358,567,396 | 372,097,043 |
| Cash and cash equivalents | 26 | 675,660,694 | 293,710,284 |
| Tax assets | 27 | 84,133,190 | 86,264,467 |
| Financial assets (including derivatives) | 22 | 2,196,118,793 | 3,147,542,214 |
| Trade receivables | 23 | 178,745,741 | 196,458,944 |
| Other assets | 24 | 2,359,082,120 | 595,133,072 |
| Total current assets | | 5,852,307,934 | 4,691,206,024 |
| Total assets | | 53,021,369,104 | 50,339,344,032 |
| Equity | | | |
| Share capital | 28 | 39,204,173,802 | 39,204,173,802 |
| Reserves | 28 | 66,854,616 | 64,806,665 |
| Valuation reserves | 28 | (271,354) | (69,955) |
| Retained earnings | 28 | 628,862,321 | 589,951,253 |
| Profit for the year | 28 | 136,993 | 40,959,019 |
| Total equity | | 39,899,756,378 | 39,899,820,784 |
| Liabilities | | | |
| Loans and borrowings | 29 | 8,029,992,583 | 6,533,734,581 |
| Post-employment benefits and other employee benefits | 30 | 7,294,604 | 7,635,534 |
| Provisions for risks and charges | 31 | 149,520,312 | 148,095,814 |
| Deferred tax liabilities | 20 | 167,844,702 | 164,067,473 |
| Financial liabilities (including derivatives) | 32 | 4,895,039 | 4,827 |
| Other liabilities | 34 | 27,003,070 | 29,028,996 |
| Total non-current liabilities | | 8,386,550,310 | 6,882,567,225 |
| Loans and borrowings and current portion of non-current loans and borrowings | 29 | 1,610,768,511 | 2,548,120,993 |
| Financial liabilities (including derivatives) | 32 | 631,849,985 | 314,144,825 |
| Trade payables | 33 | 106,268,988 | 132,710,431 |
| Other liabilities | 34 | 2,386,174,932 | 561,979,774 |
| Total current liabilities | | 4,735,062,416 | 3,556,956,023 |
| Total liabilities | | 13,121,612,726 | 10,439,523,248 |
| Total equity and liabilities | | 53,021,369,104 | 50,339,344,032 |

Statement of changes in equity

Euros

| Equity | | | | | | | | | |
|--|-----------------------|-------------------|-----------------------|----------------|--------------------|-------------------|--------------------|---------------------|-----------------------|
| | Share capital | Reserves | | | Valuation reserves | Total reserves | Retained earnings | Profit for the year | Total equity |
| | | Legal reserve | Extraordinary reserve | Other reserves | | | | | |
| Balance at 1 January 2020 | 39,204,173,802 | 53,473,021 | | | 112,825 | 53,585,846 | 374,612,026 | 226,672,871 | 39,859,044,545 |
| Capital increase | | | | | | | | | |
| Dividend distribution | | | | | | | | | |
| Allocation of profit for the previous year | | 11,333,644 | | | | 11,333,644 | 215,339,227 | (226,672,871) | |
| Demerger to RFI | | | | | | | | | |
| Other changes | | | | | | | | | |
| Comprehensive income of which: | | | | | | | | | |
| Profit for the year | | | | | | | | 40,959,019 | 40,959,019 |
| Net losses recognised directly in equity | | | | | (182,780) | (182,780) | | | (182,780) |
| Balance at 31 December 2020 | 39,204,173,802 | 64,806,665 | | | (69,955) | 64,736,710 | 589,951,253 | 40,959,019 | 39,899,820,784 |
| Capital increase | | | | | | | | | |
| Dividend distribution | | | | | | | | | |
| Allocation of profit for the previous year | | 2,047,951 | | | | 2,047,951 | 38,911,068 | (40,959,019) | |
| Comprehensive expense of which: | | | | | | | | | |
| Profit for the year | | | | | | | | 136,993 | 136,993 |
| Net losses recognised directly in equity | | | | | (201,399) | (201,399) | | | (201,399) |
| Balance at 31 December 2021 | 39,204,173,802 | 66,854,616 | | | (271,354) | 66,583,262 | 628,862,321 | 136,993 | 39,899,756,378 |

STATEMENT OF CASH FLOWS

Euros

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Profit for the year | 136,993 | 40,959,019 |
| Income taxes | (32,650,282) | (13,381,785) |
| Net financial expense | (98,874,227) | (114,869,905) |
| Amortisation and depreciation | 24,585,028 | 22,976,676 |
| Accruals to provisions and impairment losses | 3,151,104 | 21,972 |
| Impairment losses (gains) | 178,048 | (527,519) |
| Accruals for employee benefits | 9,017 | 5,986 |
| Accruals to provisions and impairment losses | 3,338,169 | (499,561) |
| Change in inventories | 13,912,760 | 7,167,940 |
| Change in trade receivables | 16,930,127 | (42,258,403) |
| Change in trade payables | (26,357,864) | (29,445,229) |
| Change in other assets | (1,758,474,247) | 66,733,687 |
| Change in other liabilities | 1,827,472,727 | (60,359,035) |
| Utilisation of the provisions for risks and charges | (1,806,211) | (1,884,389) |
| Payment of employee benefits | (220,352) | (384,813) |
| Financial income collected/financial expense paid | 102,343,476 | 58,401,219 |
| Change in tax assets/liabilities | 28,712,756 | 47,195,887 |
| Net cash flows generated by (used in) operating activities | 99,048,853 | (19,648,692) |
| Increases in property, plant and equipment | (1,181,685) | (1,770,581) |
| Investment property | (12,559,975) | (7,307,979) |
| Increases in intangible assets | (18,958,913) | (23,776,328) |
| Increases in equity investments | (164,496,725) | (74,175,495) |
| Investments, before grants | (197,197,298) | (107,030,383) |
| Grants for equity investments | 153,576,725 | 63,459,429 |
| Grants | 153,576,725 | 63,459,429 |
| Decreases in property, plant and equipment | | 18,612 |
| Decreases in intangible assets | | 2,465 |
| Decreases in investment property | 119 | |
| Decreases in equity investments | 9,750,000 | 31,656 |
| Decreases | 9,750,119 | 52,733 |
| Net cash flows used in investing activities | (33,870,454) | (43,518,221) |
| Disbursement and repayment of non-current loans | 1,478,185,757 | 227,172,062 |
| Disbursement and repayment of current loans | (922,401,136) | 302,575,701 |
| Change in lease liabilities | (171,505) | (103,602) |
| Change in financial assets | (562,417,439) | (633,082,475) |
| Change in financial liabilities | 2,931,130 | (3,183,225) |
| Net cash flows used in financing activities | (3,873,193) | (106,621,539) |
| Total cash flows | 61,305,206 | (169,788,452) |
| Opening cash and cash equivalents | (14,765,683) | 155,022,769 |
| Closing cash and cash equivalents | 46,539,523 | (14,765,683) |
| of which intragroup current account | (629,121,171) | (298,480,531) |

Notes to the separate financial statements

1. Company business

Ferrovie dello Stato Italiane S.p.A. (the "company" or "FS Italiane") was set up in accordance with Italian law and is based in Italy. Its registered office is in Piazza della Croce Rossa 1, Rome.

The directors approved these financial statements on 30 March 2022 and they will be made available to the shareholder for approval and subsequent filing within the terms established by law. The shareholder has the power to make changes to these financial statements.

Due to its significant controlling investments and in compliance with IFRS 10 - Consolidated financial statements, the company prepares consolidated financial statements which show equity and profit attributable to the owners of the parent of €41,385 million and €194 million, respectively.

KPMG S.p.A. was appointed independent auditor for the 2014-2022 three-year period.

2. Basis of preparation

These separate financial statements have been prepared in accordance with IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to EC Regulation no. 1606/2002 and in effect at the reporting date ("IFRS"). Specifically, the company consistently applies the IFRS to all periods presented in these financial statements.

Furthermore, these separate financial statements have been prepared on the basis of the best knowledge of the IFRS and considering best practices in this respect. Any future guidance and interpretations will be applied in future years, as established by the standards over time.

The separate financial statements have been prepared and presented in Euro, which is the company's functional currency, i.e. the currency of the primary economic environment in which the company operates. All amounts included in the tables of the following notes, except as otherwise specified, are expressed in thousands of Euros.

The financial statements format applied and the related classification criteria adopted by the company in accordance with the options provided for in IAS 1 Presentation of financial statements are set out below:

- the statement of financial position has been prepared by classifying assets and liabilities as "current/non-current";
- the income statement has been prepared by classifying operating costs by nature, indicating the profit (loss) from continuing operations separately from any profit (loss) from discontinued operations;
- the statement of comprehensive income includes the profit for the year, as well as any other changes in equity captions attributable to transactions that are not carried out with owners in their capacity as owners;
- the statement of changes in equity shows the profit (loss) for the year separately from any other changes not through profit or loss;
- the statement of cash flows has been prepared by presenting cash flows from operating activities using the indirect method".

- The annual report also includes the directors' report accompanying the separate financial statements.

These separate financial statements have been prepared on a going-concern basis, as the directors established that there are no financial or operational indicators or any other indications of critical issues about the company's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months. Reference should be made to note 34 - Financial risk management for a description of the company's financial risk management procedures.

The separate financial statements have been prepared on the historical cost basis, except for those items which are measured at fair value, as required.

Furthermore, "current" refers to the 12 months immediately after the reporting date, while "non-current" refers to periods more than 12 months after the reporting date.

These separate financial statements have been prepared using the same accounting policies applied when drawing up the financial statements at 31 December 2020.

The directors approved the separate financial statements at 31 December 2021 on 30 March 2022 and they will be made available to the shareholder pursuant to article 2429 of the Italian Civil Code. These separate financial statements will be submitted to the shareholder for approval and subsequent filing within the terms established by article 2435 of the Italian Civil Code. The shareholder has the power to make changes to these separate financial statements. For the purposes of IAS 17, the directors authorised these separate financial statements for publication on 30 March 2022, which is the date when they approved them.

3. Accounting policies

The accounting policies are the same as those applied for the preparation of the consolidated financial statements, to which reference should be made, except for the recognition and measurement of investments in subsidiaries, jointly controlled entities and joint ventures, which are recognised at acquisition or incorporation cost. If there is an indication of impairment, the recoverability of their carrying amount is checked by comparing the carrying amount and the higher of the investment's value in use, calculated by discounting forecast cash flows, where possible, and its fair value, less costs to sell. The amount of loss exceeding the carrying amount is recognised in a specific provision under liabilities to the extent that the company deems necessary to meet legal or constructive obligations to cover the loss and/or restore the share capital required by the law. Should the subsequent performance of the impaired investment improve to the point that the reasons for the impairment losses no longer apply, such losses are reversed within the limits of the impairments recognised in previous years, under "Gains (losses) on equity investments". Other equity investments, other than subsidiaries, jointly controlled entities and associates not listed in an active market and for which a suitable measurement model would not be reliable, are measured at cost.

Dividends from investees are taken to profit or loss in the year they are resolved.

New standards

Reference should be made to the consolidated financial statements.

Use of estimates and judgements

Reference should be made to the consolidated financial statements.

4. Revenue from sales and services (€153,012 thousand)

Revenue from sales and services, recognised in accordance with IFRS 15, which governs the recognition of revenue from contract with customers, is broken down in the following tables and notes.

| | 2021 | 2020 | Changes |
|--|----------------|----------------|-----------------|
| Revenue from contracts with customers | 88,622 | 120,517 | (31,895) |
| Services provided by the parent | 50,843 | 49,652 | 1,191 |
| Sundry services | 14,611 | 59,261 | (44,650) |
| Sale of land and buildings held for trading | 23,038 | 11,502 | 11,536 |
| Sundry sales | 130 | 102 | 28 |
| Other revenue from sales and services | 64,390 | 68,018 | (3,628) |
| Revenue from property management | 64,158 | 67,932 | (3,774) |
| Revenue from grants | 232 | 86 | 146 |
| Total | 153,012 | 188,535 | (35,523) |

Revenue from sales and services decreased by €35,523 thousand on 2020, mainly due to the combined effect of the following:

- the sale of land and buildings held for trading totalling €23,038 thousand during the year, generating a net gain of €8,440 thousand (+€5,157 thousand on the previous year). Revenue from property sales is up by €11,536 thousand due to the market's response to the property portfolio offered for sale, which resulted in an increase in the cost of goods sold (+Euro 6,379 thousand) as discussed in note 7 Raw materials, consumables, supplies and goods and to Amortisation, depreciation, provisions and impairment losses;
- sundry sales, which entirely refer to revenue from the sale of *La Freccia* magazine, up by €28 thousand on 2020;
- the €44,650 thousand decrease in sundry services mainly due to the progress of the Riyadh metro contract. The reduction is due to the redefinition of the assumptions underlying the project (mostly the additional costs and contingencies linked to the Covid-19 pandemic);
- greater revenue from the recharges that FS Italiane S.p.A. applied to group companies (€1,191 thousand), mainly in relation to the following services provided during the year: human resources (€30,118 thousand), external relations (€9,397 thousand), tax and accounting (€5,787 thousand), institutional affairs (€3,309 thousand) and corporate affairs (€2,691 thousand);
- the €3,774 thousand decrease in revenue from property management, which mainly consists of leases, recharges of condominium expenses and revenue from the commercial use of stations, substantially due to the reduction in the concession fee from Grandi Stazioni Retail S.p.A. (€6,857 thousand), offset only in part by revenue from facility management recharges by Grandi Stazioni Retail S.p.A. (€1,691 thousand), and the increase in revenue from the sale

of advertising space in the four largest stations (Roma Termini, Milano Centrale, Napoli Centrale and Torino Porta Nuova) (€505 thousand). Furthermore, other property leases decreased as a result of the change in scope and the settlement of prior year items related to the vacating of the Genova Lagaccio (former PaR) building, which was more than offset by the €905 thousand increase in revenue from the recharging of condominium expenses.

The table below gives a breakdown of revenue from contracts with customers by category:

| (€'000) | | | | | | |
|--|---------------|---------------|----------------|----------------|----------------|----------------|
| | Real estate | | Other services | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Geographical segment | | | | | | |
| Italy | 23,038 | 11,502 | 65,247 | 83,017 | 88,285 | 94,519 |
| Europe | | | 32 | 11 | 32 | 11 |
| Non-EU | | | 305 | 25,987 | 305 | 25,987 |
| Total revenue from contracts with customers | 23,038 | 11,502 | 65,584 | 109,015 | 88,622 | 120,517 |
| Product lines | | | | | | |
| Revenue from contracts with customers | | | | | | |
| Other service revenue | 23,038 | 11,502 | 65,584 | 109,015 | 88,622 | 120,517 |
| Total revenue from contracts with customers | 23,038 | 11,502 | 65,584 | 109,015 | 88,622 | 120,517 |
| Moment of recognition | | | | | | |
| Over time | 23,038 | 11,502 | 65,584 | 109,015 | 88,622 | 120,517 |
| Total revenue from contracts with customers | 23,038 | 11,502 | 65,584 | 109,015 | 88,622 | 120,517 |
| Total other revenue from sales and services | 64,308 | 67,932 | 82 | 86 | 64,390 | 68,018 |
| Total revenue from sales and services | 87,346 | 79,434 | 65,666 | 109,101 | 153,012 | 188,535 |

Information about contract assets and liabilities is given below:

| (€'000) | 31.12.2021 | 31.12.2020 |
|--|------------|------------|
| Contract assets classified under "Current/non-current trade receivables" | 57,265 | 17,341 |
| Contract assets classified under "Other current assets/Non-current assets" | | |
| Other assets not included in the above categories | | |
| Contract assets | 34,079 | 59,206 |
| Contract liabilities | | |

The table below shows the significant changes in contract assets and liabilities for the year:

| (€'000) | 31 December 2021 |
|--|------------------|
| | Contract assets |
| Revenue recognised during the year which was included in the opening balance of contract liabilities | |
| Increases in contract liabilities due to collections, net of the amounts recognised during the year | |
| Reclassifications from contract assets recognised at the beginning of the year | (54,068) |
| Increases in contract assets due to the provision of services | 28,941 |
| Increases in contract assets due to changes in the assessment of the percentage of completion | |
| Business combinations | |
| Other changes | |

Other revenue from sales and services

As shown above, other revenue from sales and services include lease income of €64,158 thousand in 2021.

The table below includes an ageing analysis of payments to be received in future years for assets that the group has given under operating lease. They total €66,301 thousand and are entirely related to leases, additional charges and concession fees of the year:

| | Within one year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | After five years | Total |
|---|-----------------|-----------|-----------|-----------|-----------|------------------|---------|
| Undiscounted payments to be received for operating leases | 66,301 | 69,558 | 73,421 | 77,378 | 78,176 | 78,997 | 443,832 |

(€'000)

5. Other income (€9,857 thousand)

This caption can be analysed as follows:

| | (€'000) | | |
|---|--------------|--------------|----------------|
| | 2021 | 2020 | Changes |
| Surety fee income | 4,239 | 6,232 | (1,993) |
| Repayments | | | |
| Managers' fees as corporate officers at FS Italiane group companies | 445 | 356 | 89 |
| Other repayments | 55 | 36 | 19 |
| Total repayments | 500 | 392 | 108 |
| Other sundry income | 5,118 | 1,652 | 3,466 |
| Total | 9,857 | 8,276 | 1,581 |

The €1,581 thousand increase is mainly due to the combined effect of:

- the €1,945 thousand reduction in surety fee income to group companies and particularly RFI S.p.A.;
- the €3,466 thousand increase in other sundry income, mostly related to the amount due from Trenitalia S.p.A. (€3,245 thousand) as a result of the dispute which arose in 1997 in connection with the collection of a significant amount due from Sita S.p.A. to FS Italiane S.p.A., subsequently replaced by Trenitalia S.p.A. as creditor, and from the Basilicata region and the Potenza, Matera and Maratea municipalities to Sita S.p.A..

6. Personnel expense (€65,162 thousand)

| | (€'000) | | |
|--|---------------|---------------|--------------|
| | 2021 | 2020 | Changes |
| Wages and salaries | 45,198 | 42,477 | 2,721 |
| Social security charges | 12,733 | 12,252 | 481 |
| Other expense for employees | 307 | 1,487 | (1,180) |
| Post-employment benefits | 2,768 | 2,799 | (31) |
| Accruals and releases | 322 | (602) | 924 |
| Employees | 61,328 | 58,413 | 2,915 |
| Wages and salaries | 88 | 23 | 65 |
| Social security charges | 90 | 70 | 20 |
| Consultants and freelancers | 178 | 93 | 85 |
| Temporary workers, seconded employees and trainees | 1,173 | 1,044 | 129 |
| Other costs | 2,483 | 2,291 | 192 |
| Other costs | 3,656 | 3,335 | 321 |
| Total | 65,162 | 61,841 | 3,321 |

Personnel expense, which totals €65,162 thousand, increased by €3,321 thousand on the previous year.

The increase is mainly due to:

- a €2,915 thousand increase in wages, salaries and social security charges (+€3,202 thousand) following the adjustment of the provision for accrued holidays (+€977 thousand) and the concurrent accrual of the year recognised in relation to the renewal of the national labour agreements (+€1,267 thousand), the greater provisions for labour disputes (+€300 thousand), the release of the provision accrued last year for the renewal of the national bargaining agreement (+€624 thousand), higher leaving incentives in the year (+€299 thousand) and an increase in refunds for personnel seconded by the company to group companies and third parties (-€1,046 thousand);
- a €85 thousand increase in costs for consultants and freelancers following the reduction in collaboration agreements;
- a €321 thousand decrease in other costs, mainly due to higher training costs (+€178 thousand) and temporary workers (+€224 thousand).

The table below gives a breakdown of the company's average number of employees by category:

| | 2021 | 2020 | Changes |
|------------------|------------|------------|-----------|
| Personnel | | | |
| Managers | 115 | 121 | (6) |
| Junior managers | 223 | 207 | 16 |
| Other | 315 | 314 | 1 |
| Total | 653 | 642 | 11 |

7. Raw materials, consumables, supplies and goods (€14,825 thousand)

They can be analysed as follows:

| | 2021 | 2020 | Changes |
|---|---------------|--------------|--------------|
| | | | (€'000) |
| Raw materials and consumables | 226 | 166 | 60 |
| Lighting and driving force | 1 | 3 | (2) |
| Change in land and buildings held for trading | 14,598 | 8,219 | 6,379 |
| Total | 14,825 | 8,388 | 6,437 |

The €6,437 thousand increase is mainly due to the change in land and buildings held for trading, following the €6,379 thousand rise in the cost of goods sold.

8. Services (€152,717 thousand)

This caption can be analysed as follows:

| | (€'000) | | |
|---|----------------|----------------|-----------------|
| | 2021 | 2020 | Changes |
| Transport services | 4 | 8 | (4) |
| Maintenance, cleaning and other contracted services | 7,889 | 7,037 | 852 |
| Contracted services and work | 869 | 99 | 770 |
| Cleaning and other contracted services | 608 | 558 | 50 |
| Maintenance and repair of intangible assets and property, plant and equipment | 7,762 | 7,321 | 441 |
| Accruals/releases for maintenance | (1,350) | (941) | (409) |
| Property services and utilities | 23,894 | 24,253 | (359) |
| Administrative and IT services | 58,249 | 51,633 | 6,616 |
| External communications and advertising expense | 11,310 | 10,752 | 558 |
| Other sundry services | 51,371 | 76,586 | (25,215) |
| Professional services | 3,346 | 4,183 | (837) |
| Insurance | 1,463 | 1,710 | (247) |
| Consultancies | 1,675 | 1,601 | 74 |
| Facility management | 16,231 | 13,839 | 2,392 |
| Travel and accommodation | 442 | 418 | 24 |
| Other administrative services | 1,727 | 1,902 | (175) |
| Other services | 26,487 | 52,933 | (26,446) |
| Total | 152,717 | 170,269 | (17,552) |

The overall decrease in services is mainly due to lower consultancies and professional services (€763 thousand), lower insurance costs (€247 thousand) and other minor services (€26,446 thousand), mainly comprising costs relating to the Riyadh metro contract (€21,547 thousand), which match with the contract revenue, generating a contract loss of €6,981 thousand. These decreases are offset by greater IT services (€6,616 thousand), mainly provided by FSTechnology S.p.A., external communication costs for events, exhibitions and trade fairs (€558 thousand), greater costs paid to Ferservizi S.p.A. for the management of the company's properties, maintenance, cleaning and utilities (totalling €852 thousand), greater facility management costs (€2,392 thousand), mostly paid to Grandi Stazioni Rail S.p.A. and entirely recharged to Grandi Stazioni Retail S.p.A. for maintenance and to ensure the efficiency of the properties of Italy's main train stations.

9. Use of third-party assets (€2,608 thousand)

This caption can be analysed as follows:

| | 2021 | 2020 | Changes |
|---|--------------|--------------|----------------|
| Lease payments and condominium expenses | 2,608 | 4,343 | (1,735) |
| IT services and other | | 1 | (1) |
| Total | 2,608 | 4,344 | (1,736) |

This caption decreased on the previous year mainly due to the effect of the vacating of the Genova Lagaccio (former PaR) building for €1,178 thousand, in addition to lower condominium expenses and payments for leased spaces (€194 thousand).

10. Other operating costs (€33,471 thousand)

This caption can be analysed as follows:

| | 2021 | 2020 | Changes |
|-----------------------------------|---------------|---------------|---------------|
| Membership fees and contributions | 11,832 | 9,451 | 2,381 |
| Non-deductible VAT (pro rata) | 5,548 | 3,671 | 1,877 |
| Taxes and duties | 16,909 | 14,870 | 2,039 |
| Other sundry expense | (2,380) | (15,794) | 13,414 |
| Other costs, accruals/releases | 1,562 | (98) | 1,660 |
| Total | 33,471 | 12,100 | 21,371 |

The €33,471 thousand increase is essentially due to the lack of the effect of the favourable outcome of the tax dispute commenced by FS Italiane S.p.A. and Terna S.p.A. (€13,366 thousand) in 2020, higher membership fees paid, in particular to Fondazione FS (+€2,248 thousand), greater taxes and duties, specifically IMU (municipal property tax)(+€1,549 thousand), and higher provisions for pending disputes with third parties (+€1,660 thousand).

11. Internal work capitalised (€873 thousand)

Internal work capitalised, amounting to €873 thousand (2020: €971 thousand), refers to personnel expense attributable to the production and development of software recognised under intangible assets.

12. Amortisation and depreciation (€24,585 thousand)

This caption can be analysed as follows:

| | 2021 | 2020 | Changes |
|--------------|---------------|---------------|--------------|
| Amortisation | 15,572 | 14,102 | 1,470 |
| Depreciation | 9,013 | 8,875 | 138 |
| Total | 24,585 | 22,977 | 1,608 |

The €1,608 thousand increase on the previous year is due to normal trends in amortisation and depreciation resulting from investments of the year.

13. Net impairment losses (€1,760 thousand)

This caption can be analysed as follows:

| | 2021 | 2020 | Changes |
|--|--------------|--------------|----------------|
| Impairment losses on property, plant and equipment | | 2 | (2) |
| Adjustments and impairment gains on financial assets | 1,582 | 5,682 | (4,100) |
| Impairment losses on cash and cash equivalents | 178 | (527) | 705 |
| Total | 1,760 | 5,157 | (3,397) |

This caption decreased by €3,397 thousand on the previous year mainly due to lower net impairment losses on assets, mainly on the basis of analytical estimates of expected recovery and the adjustment of the loss allowance in accordance with IFRS 9 (+€1,327 thousand).

14. Financial income (€204,348 thousand)

This caption can be analysed as follows:

| | 2021 | 2020 | Changes |
|--|----------------|----------------|-----------------|
| | | | (€'000) |
| Gains on equity investments | 65,210 | 130,830 | (65,620) |
| Total gains on equity investments | 65,210 | 130,830 | (65,620) |
| Financial income from non-current loans and securities | 103,961 | 126,518 | (22,557) |
| Other financial income | 28,921 | 24,364 | 4,557 |
| Exchange gains | 6,256 | 14,351 | (8,095) |
| Total other financial income | 139,138 | 165,233 | (26,095) |
| Total | 204,348 | 296,063 | (91,715) |

Financial income decreased by €91,715 thousand on 2020, mainly due to:

- the €65,620 thousand decrease in dividends distributed by subsidiaries, associates and non-controlling interests essentially due to the 2020 downturn of their businesses due to Covid-19, specifically dividends from Rete Ferroviaria Italiana S.p.A. (-€100,000 thousand), Ferrovie Nord Milano S.p.A. (-€1,410 thousand) and Eurofima SA (-€483 thousand), offset by the greater dividends received from Ferservizi S.p.A. (€13,500 thousand), Italferr S.p.A. (€13,448 thousand), Sita S.p.A. in liquidation (€6,325 thousand) and Fercredit S.p.A. (€3,000 thousand);
- lower interest accrued on non-current loans (€22,557 thousand), primarily relating to Rete Ferroviaria Italiana S.p.A. (€16,763 thousand) due to lower funding costs reflected in financial expense and Trenitalia S.p.A. (€6,119 thousand), essentially as a combined effect of the repayment of the first tranche of the EMTN bond in 2020 and the issue, during the year, of two green bonds to renew rolling stock as described in note 22, TrainOse SA (€429 thousand), Mercitalia Logistics S.p.A. (€377 thousand), Ferrovie del Sud Est e Servizi Automobilistici S.r.l. (€375 thousand) and Mercitalia Rail S.r.l. (€364 thousand) following the reduction in residual loans and the benchmark rates (six month Euribor) applied. These decreases are offset by the increase in interest accrued from Qbuzz BV (€2,104 thousand) and TX Logistik AG (€560 thousand) for the loans they received from Ferrovie dello Stato Italiane S.p.A. during the year;
- the €8,095 thousand decrease in exchange gains essentially due to the current and non-current loans in pound sterling (€4,829 thousand) following, in particular, the tax regularisation in the year of the amounts due from Trenitalia c2c and the transactions related to the Riyadh metro contract (€2,635 thousand);
- other financial income which increased by €4,557 thousand, mostly because of interest of €5,482 thousand accrued between 1995 and 2000 which, following the definitive ruling ordering the Basilicata regional authorities to pay Trenitalia S.p.A. the shortfalls for the years from 1987 to 1993, the latter shall return to Ferrovie dello Stato Italiane S.p.A., and greater interest on the Eurofima loans (€3,985 thousand). These increases are offset by the €3,684 thousand reduction in financial income from cross currency swaps (cash flow hedges) hedging exchange rate fluctuations on the loan granted to Trenitalia UK, as described in note 35 - Financial risk management, interest on current loans to subsidiaries (€961 thousand), mainly attributable to Trenitalia c2c and Qbuzz BV and surety fee income of €276 thousand.

15. Financial expense (€105,473 thousand)

This caption can be analysed as follows:

| | 2021 | 2020 | Changes |
|---|----------------|----------------|-----------------|
| | | | (€'000) |
| Impairment losses on financial assets | 16,101 | 48,883 | (32,782) |
| Impairment losses on group equity investments | 16,580 | 48,579 | (31,999) |
| Other expense for impairment losses on financial assets | (479) | 304 | (783) |
| Total other financial expense | 89,372 | 132,311 | (42,939) |
| Interest on financial liabilities | 84,538 | 109,047 | (24,509) |
| Financial expense on employee benefits | 53 | 42 | 11 |
| Financial expense on leases | 2 | 3 | (1) |
| Other financial expense | 4,720 | | 4,720 |
| Exchange loss | 59 | 23,219 | (23,160) |
| Total | 105,473 | 181,194 | (75,721) |

Financial expense decreased by €75,721 thousand on the previous year, mainly due to:

- lower impairment losses on equity investments, down by €32,782 thousand essentially related to Busitalia Sita Nord S.r.l. (€37,148 thousand) and Nugo S.p.A. (€11,400 thousand) and pertaining to 2020. During the year, Nugo S.p.A. and FS International S.p.A. were impaired by €9,750 thousand and €6,830 thousand, respectively, as described in note 21 - Equity investments. Furthermore, impairment losses decreased by €783 thousand as a result of applying IFRS 9;
- the total decrease of €15,762 thousand in interest expense on the bonds in the Euro Medium Term Notes programme, essentially as a result of the net effect of the repayment of the first tranche of the EMTN bonds in 2020 and the new issues of the year, of €12,033 thousand in interest expense on loans from Cassa Depositi e Prestiti, the EIB and Eurofima due to the reduction in both the outstanding liability and applicable interest rates (six month Euribor), which was reflected in lower financial income received from RFI S.p.A., as indicated in note 14 and interest expense of €678 thousand on term deposits. These decreases were offset by the increase in bank commissions paid mainly for Eurofima loans (€2,406 thousand) and costs related to the same loans (€1,677 thousand);
- the €23,160 thousand decrease in exchange losses mainly recognised on current and non-current loans in pound sterling following the tax regularisation in the year of the amounts due from Trenitalia c2c, as described in note 14, the transactions related to the Riyadh metro contract (€4,300 thousand) and the year-end translation of trade amounts (€2,532 thousand);
- the €4,720 thousand increase in financial expense relating to cross currency swaps classified as cash flow hedges, which were entered into for the purpose of hedging current risk reflected in lower financial income, as described in note 14.

Financial expense on leases of €2 thousand includes interest accrued following the initial application of IFRS 16.

16. Current and deferred taxes (€32,650 thousand)

Income taxes can be analysed as follows:

| | 2021 | 2020 | Changes |
|--|-----------------|-----------------|-----------------|
| IRES | 4 | | 4 |
| Income from the tax consolidation scheme | (33,684) | (21,483) | (12,201) |
| Deferred taxes | 39 | 6,069 | (6,030) |
| Adjustments to prior year income taxes | 991 | 2,032 | (1,041) |
| Total income taxes | (32,650) | (13,382) | (19,268) |

Income taxes show a positive balance mainly driven by income from the tax consolidation scheme, and are up by a total of €19,268 thousand essentially due to the combined effect of the following:

- the €4 thousand increase in the IRES (corporate income tax) paid abroad;
- the increase in the tax income from the tax consolidation scheme (€33,684 thousand, up by €12,201 thousand on 2020), mainly due to the higher IRES transferred by the group companies over the year;
- the €6,030 thousand decrease in deferred tax assets and liabilities (see note 20 - Deferred tax assets and deferred tax liabilities).

Reconciliation of the actual tax rate

| | 2021 | | 2020 | |
|---|-----------------|--------------|----------------|--------------|
| | € | % | € | % |
| Profit for the year | 137 | | 40,959 | |
| Total income taxes | (32,650) | | (13,382) | |
| Pre-tax profit (loss) | (32,513) | | 27,577 | |
| IRES theoretical tax (national tax rate) | | 24.0% | | 24.0% |
| Lower taxes: | | | | |
| Dividends from investees | (61,949) | | (129,359) | |
| Utilisation of provisions | (1,834) | | (1,565) | |
| Other decreases | (21,088) | | (12,091) | |
| Higher taxes: | | | | |
| Accruals | 3,231 | | 4,952 | |
| Impairment losses on equity investments | 16,580 | | 48,579 | |
| Prior year expense | 11,594 | | 163 | |
| Exchange difference | 7,470 | | 11,485 | |
| Amortisation and depreciation | 5,739 | | 2,353 | |
| Non-deductible taxes | 15,546 | | 14,270 | |
| Other increases | 41,514 | | 25,944 | |
| Total IRES taxable profit | (15,710) | | (7,692) | |
| Total current taxes (IRES) | | | | |
| IRAP | | | | |
| Foreign taxes | (995) | | (2,307) | |
| Difference on prior year estimated taxes | | | 275 | |
| Total deferred taxes | (39) | | (6,069) | |
| Income from the tax consolidation scheme | 33,684 | | 21,483 | |
| TOTAL INCOME TAXES | 32,650 | | 13,382 | |

17. Property, plant and equipment (€48,358 thousand)

The opening and closing balances of property, plant and equipment and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

| | Land and buildings | Industrial and commercial equipment | Other assets | Assets under construction and payments on account | Total |
|------------------------------------|--------------------|-------------------------------------|--------------|---|-----------------|
| (€'000) | | | | | |
| Historical cost | 58,856 | 56 | 6,573 | 1,241 | 66,726 |
| Depreciation and impairment losses | (16,088) | (56) | (2,630) | | (18,774) |
| Grants | | | (14) | | (14) |
| Balance at 1.1.2020 | 42,768 | | 3,929 | 1,241 | 47,938 |
| Investments | | | 6 | 1,754 | 1,760 |
| Placement in service | 847 | | 994 | (1,841) | |
| Depreciation | (1,047) | | (941) | | (1,988) |
| Disposals and divestments | | | (2) | (5) | (7) |
| Other changes | 10 | | | | 10 |
| Other reclassifications | 3,145 | | | (70) | 3,075 |
| Total changes | 2,955 | | 57 | (162) | 2,850 |
| Historical cost | 63,930 | 56 | 7,544 | 1,079 | 72,609 |
| Depreciation and impairment losses | (18,207) | (56) | (3,544) | | (21,807) |
| Grants | | | (14) | | (14) |
| Balance at 31.12.2020 | 45,723 | | 3,986 | 1,079 | 50,788 |
| Investments | 654 | | | 1,182 | 1,836 |
| Placement in service | 645 | | 903 | (1,548) | |
| Depreciation | (1,074) | | (1,179) | | (2,253) |
| Other changes* | 4 | | | | 4 |
| Other reclassifications ** | (2,011) | | | (6) | (2,017) |
| Total changes | (1,782) | | (276) | (372) | (2,430) |
| Historical cost | 62,248 | 56 | 8,447 | 707 | 71,458 |
| Depreciation and impairment losses | (18,307) | (56) | (4,723) | | (23,086) |
| Grants | | | (14) | | (14) |
| Balance at 31.12.2021 | 43,941 | | 3,710 | 707 | 48,358 |
| Other changes* | | | | | |
| Historical cost | (176) | | | | (176) |
| Depreciation | 180 | | | | 180 |
| Total other changes | 4 | | | | 4 |
| Reclassifications** | | | | | |
| Historical cost | (2,805) | | | (6) | (2,811) |
| Depreciation | 794 | | | | 794 |
| Total reclassifications | (2,011) | | | (6) | (2,017) |

Land and buildings refer to a section of the Villa Patrizi building where the company has its registered office. The remainder is included under investment property since it is leased to group companies. The €2,430 thousand decrease of the year is mostly due to reclassifications of €2,017 thousand, of which €2,011 thousand related to the Villa Patrizi building used directly by the company, and to the depreciation of the year (€2,253 thousand).

These decreases are offset by the increase of the year (€1,836 thousand), consisting of the non-recurring maintenance carried out on the Villa Patrizi building (€1,182 thousand) and the right-of-use assets recognised in accordance with IFRS 16 (€654 thousand), mainly attributable to the new lease agreed with Grandi Stazioni Rail S.p.A. concerning office buildings at the Roma Termini station to be used for the Innovation Hub.

Changes in right-of-use assets may be analysed as follows:

| RIGHT-OF-USE ASSETS | Land, buildings | Other assets | Total |
|------------------------------------|------------------------|---------------------|--------------|
| Historical cost | 316 | 69 | 385 |
| Depreciation and impairment losses | (206) | (38) | (244) |
| Balance at 31.12.2020 | 110 | 31 | 141 |
| Investments (new leases) | 654 | | 654 |
| Depreciation | (148) | (23) | (171) |
| Other changes* | 4 | | 4 |
| Total changes | 510 | (23) | 487 |
| Historical cost | 794 | 69 | 863 |
| Depreciation and impairment losses | (174) | (61) | (235) |
| Balance at 31.12.2021 | 620 | 8 | 628 |
| Other changes* | | | |
| Historical cost | (176) | | (176) |
| Depreciation | 180 | | 180 |
| Total other changes | 4 | 0 | 4 |

18. Investment property (€449,838 thousand)

Investment property at 31 December 2021 and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

| | 2021 | | 2020 | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | Land | Buildings | Land | Buildings |
| (€'000) | | | | |
| Balance at 1 January | | | | |
| Cost | 368,788 | 437,411 | 384,892 | 432,305 |
| Accumulated depreciation | (38,775) | (226,146) | (38,775) | (220,636) |
| Loss allowance | (83,338) | (15,537) | (96,786) | (13,995) |
| Carrying amount | 246,675 | 195,728 | 249,331 | 197,674 |
| Changes of the year | | | | |
| Increases | 188 | 12,373 | | 7,308 |
| Reclassifications* | 669 | 965 | (2,656) | (2,367) |
| Depreciation | | (6,760) | | (6,887) |
| Total changes | 857 | 6,578 | (2,656) | (1,946) |
| Balance at 31 December | | | | |
| Cost | 367,375 | 449,786 | 368,788 | 437,411 |
| Accumulated depreciation | (38,775) | (232,876) | (38,775) | (226,146) |
| Loss allowance | (81,068) | (14,604) | (83,338) | (15,537) |
| Carrying amount | 247,532 | 202,306 | 246,675 | 195,728 |
| Reclassifications* | | | | |
| Cost | (1,601) | 6 | (16,104) | (2,202) |
| Accumulated depreciation | | 28 | | 1,377 |
| Loss allowance | 2,270 | 931 | 13,448 | (1,542) |
| Total | 669 | 965 | (2,656) | (2,367) |
| Divestments | | | | |
| Cost | | (4) | | |
| Accumulated depreciation | | 2 | | |
| Loss allowance | | 2 | | |
| Total | | | | |

Investment property includes the land and buildings leased to group companies and third parties or not used by the company, but not held for sale. The net increase of €7,435 thousand in the year is mainly due to increases of €12,561 and reclassifications of €1,634 thousand, offset by the depreciation of the year of €6,760 thousand.

The increases of the year total €12,561 thousand and mainly refer to compliance measures and renovation of Grandi Stazioni areas (€8,339 thousand), non-routine maintenance work on the Villa Patrizi building (€1,888 thousand), the renovation of the former interlocking control building at Roma Termini (€1,590 thousand) and the Trieste museum (€352 thousand).

Reclassifications refer to the transfer of a portion of the Villa Patrizi building used by the company to property, plant and equipment (€2,011 thousand), as described in note 17, while the residual portion of €383 thousand refers to the transfer of buildings held for sale to inventories.

19. Intangible assets (€53,534 thousand)

This caption exclusively comprises costs incurred for software development related mainly to the group's IT systems. Opening and closing balances are shown in the table below.

| | | | (€'000) |
|------------------------------------|--|--|---------------|
| | Concessions, licences, trademarks and similar rights | Assets under development and payments on account | Total |
| Historical cost | 184,216 | 9,185 | 193,401 |
| Amortisation and impairment losses | (142,906) | | (142,906) |
| Grants | (10,090) | | (10,090) |
| Balance at 1.1.2020 | 31,220 | 9,185 | 40,405 |
| Investments | | 23,774 | 23,774 |
| Placement in service | 26,229 | (26,229) | |
| Amortisation | (14,102) | | (14,102) |
| Other reclassifications | | 70 | 70 |
| Total changes | 12,127 | (2,385) | 9,742 |
| Historical cost | 210,445 | 6,800 | 217,245 |
| Amortisation and impairment losses | (157,008) | | (157,008) |
| Grants | (10,090) | | (10,090) |
| Balance at 31.12.2020 | 43,347 | 6,800 | 50,147 |
| Investments | | 18,959 | 18,959 |
| Placement in service | 16,807 | (16,807) | |
| Amortisation | (15,572) | | (15,572) |
| Total changes | 1,235 | 2,152 | 3,387 |
| Historical cost | 227,252 | 8,952 | 236,204 |
| Amortisation and impairment losses | (172,580) | | (172,580) |
| Grants | (10,090) | | (10,090) |
| Balance at 31.12.2021 | 44,582 | 8,952 | 53,534 |

During the year, investments and placement in service amounted to €18,959 thousand and €16,807 thousand, respectively. They mainly relate to the acquisition and development of group IT applications in the commercial, administrative, management and IT security fields.

20. Deferred tax assets (€174,427 thousand) and deferred tax liabilities (€167,845 thousand)

The table below shows deferred tax assets and deferred tax liabilities at 31 December 2021 and changes of the year due to the main temporary differences between carrying amounts and the related tax amounts.

(€'000)

| | 31.12.2020 | Incr. (decr.) through profit or loss | Other changes | 31.12.2021 |
|--|----------------|--|---------------|----------------|
| Deferred tax assets | | | | |
| Differences related to intangible assets and PPE | 58,583 | (1,582) | | 57,001 |
| Provisions for risks and charges and impairment losses with deferred tax deductibility | 54,453 | 733 | | 55,186 |
| Differences related to buildings held for trading - inventories | 61,712 | 232 | | 61,944 |
| Other | 285 | (50) | 61 | 296 |
| Total deferred tax assets | 175,033 | (667) | 61 | 174,427 |
| Deferred tax liabilities | | | | |
| Provision for deferred tax liabilities | | | | |
| Differences related to intangible assets and PPE | 53,369 | (881) | | 52,488 |
| Differences related to buildings held for trading - inventories | 23,847 | (1,107) | | 22,740 |
| Other | | 1,360 | | 1,360 |
| Total provision for deferred tax liabilities | 77,216 | (628) | | 76,588 |
| - Provision for IRES consolidation scheme | 86,851 | 4,406 | | 91,257 |
| Total | 164,067 | 3,778 | | 167,845 |

Deferred tax assets and liabilities mainly relate to the misalignment between the carrying amount and the tax value of property, plant and equipment, investment property and intangible assets on which depreciation and amortisation are calculated, and buildings held for trading, in addition to the deferred deductibility applied to provisions for risks and charges and the effects of IFRS 9 FTA.

The changes in the year refer to the net effect (€39 thousand) of the decrease in deferred tax assets and the decrease in deferred tax liabilities, mostly due to the differences between the carrying and tax amounts of amortisation and depreciation in the year, accruals and utilisations of the provision for risks and charges and impairment losses on loans and equity investments of the year, in addition to other amounts recognised in equity (€61 thousand) which reflect the changes in the actuarial reserves.

The provision for the IRES consolidation scheme includes the tax losses transferred by the group companies and used to offset taxes related to the parent and other subsidiaries that participate in the tax consolidation scheme. The provision also reflects the utilisations to remunerate the same companies for the tax losses previously transferred and offset against their taxable income during the year.

21. Equity investments (€38,055,975 thousand)

The tables below show the opening and closing balances of equity investments, broken down by category, and changes therein in 2021 and 2020.

| | Carrying amount 31.12.2021 | Carrying amount 31.12.2020 | (€'000) Cumulative loss allowance |
|------------------------|-------------------------------|----------------------------------|---|
| Investments in: | | | |
| Subsidiaries | 37,891,715 | 37,897,375 | 215,911 |
| Associates | 53,369 | 53,392 | |
| Joint arrangements | 95,120 | 95,120 | |
| Other companies | 15,771 | 15,748 | |
| Total | 38,055,975 | 38,061,635 | 215,911 |

Changes in 2021

(€'000)

| | Changes of the year | | | | | Carrying amount 31.12.2021 | Cumulative loss allowance | |
|--|----------------------------------|--------------------------------|-------------------------|--------------------------------|-------------------|-------------------------------|---------------------------------|------------------|
| | Carrying amount 31.12.2020 | Acquisitions/ Subscriptions | Disposals/ Decreases | Impairment losses/ gains | Reclassifications | | | Other changes |
| Investments in subsidiaries | | | | | | | | |
| Anas S.p.A. | 2,863,741 | | | | | 2,863,741 | | |
| Fercredit S.p.A. | 31,413 | | | | | 31,413 | | |
| Ferservizi S.p.A. | 8,378 | | | | | 8,378 | | |
| Mercitalia Logistics S.p.A. | 219,265 | | | | | 219,265 | 160,533 | |
| FS Sistemi Urbani S.r.l. | 534,094 | | | | | 534,094 | | |
| Grandi Stazioni Immobiliare S.p.A. | 616 | | | | | 616 | | |
| Italcertifer S.p.A. | 738 | | | | | 738 | | |
| Italferr S.p.A. | 8,047 | | | | | 8,047 | | |
| RFI S.p.A. | 32,463,899 | | | | | 32,463,899 | | |
| Trenitalia S.p.A. | 1,607,137 | | | | | 1,607,137 | | |
| Busitalia - Sita Nord S.r.l. | 48,226 | | | | | 48,226 | 37,148 | |
| Nugo S.p.A.** | | 9,750 | | (9,750) | | | 11,400 | |
| TAV S.r.l. | 50 | | | | | 50 | | |
| FSTechnology S.p.A. | 27,578 | | | | | 27,578 | | |
| Ferrovie del Sud Est e Servizi Automobilistici - FSE S.r.l. | 73,300 | | | | | 73,300 | | |
| FS Italian Railways US Inc | 3,034 | | | | | 3,034 | | |
| FS Saudi Arabia for Land Transport LLC | 2,199 | | | | | 2,199 | | |
| FS International S.p.A. | 5,660 | 1,170 | | (6,830) | | | 6,830 | |
| | 37,897,375 | 10,920 | | (16,580) | | 37,891,715 | 215,911 | |
| Investments in associates | | | | | | | | |
| Metro 5 S.p.A. | 30,308 | | | | | 30,308 | | |
| Ferrovie Nord Milano S.p.A. | 23,061 | | | | | 23,061 | | |
| Italiacamp S.r.l.* | 23 | | | | (23) | | | |
| | 53,392 | | | | (23) | 53,369 | | |
| Investments in joint arrangements | | | | | | | | |
| T.E.L.T. Sas (formerly L.T.F. Sas) | 95,120 | 153,577 | | | | (153,577) | 95,120 | |
| | 95,120 | 153,577 | | | | (153,577) | 95,120 | |
| Other companies | | | | | | | | |
| BCC Bureau Central de Clearing | 6 | | | | | | 6 | |
| Eurofima SA | 14,584 | | | | | | 14,584 | |
| Hit Rail B.V. | 97 | | | | | | 97 | |
| Isfort S.p.A. | 61 | | | | | | 61 | |
| Treccani S.p.A. | 1,000 | | | | | | 1,000 | |
| Italiacamp S.r.l.* | | | | | 23 | | 23 | |
| | 15,748 | | | | 23 | | 15,771 | |
| Total | 38,061,635 | 164,497 | | (16,580) | | (153,577) | 38,055,975 | 215,911 |

*In 2021, following the entry of a new shareholder, Italiacamp was reclassified from "associates" to "other companies", which changed the ownership structure.** The amount included in the impairment losses/gains column is due to the coverage of losses and the reinstatement of the company's quota capital, as shown below.

The changes during the year relate to:

- **FS International S.p.A.** – The company's registered office is in Rome and its business object consists of developing and consolidating, on the international markets targeted by the FS Italiane group, the design, construction, management and maintenance of railway and public and private passenger and freight transport lines, vehicles, stations and systems, including the related engineering, certification, logistics, information & communication technology, advisory and training services provided to the FS Italiane group companies, including in their interests, in the fields of transport and integrated mobility services. On 30 September 2020, the sole shareholder Ferrovie dello Stato Italiane S.p.A. subscribed and paid a first tranche of €2,300 thousand, on 1 December 2020, it subscribed and paid a second tranche of €2,360,000 and on 29 July 2021 it subscribed and paid the third and final tranche of €1,170 thousand. Therefore, the fully subscribed and paid-up share capital currently amounts to €6,830 thousand.
- **Ferservizi S.p.A.** – On 15 December 2021, the shareholders approved the distribution of part of the retained earnings (€16,500 thousand), by paying an extraordinary dividend.
- **Nugo S.p.A.** – On 15 October 2021, during their extraordinary meeting, the shareholders resolved: 1) to cover, pursuant to article 2447 of the Italian Civil Code, the loss for the year by means of a €9,750 thousand cash contribution from the sole shareholder FS Italiane and to reinstate the €1,000 thousand share capital; 2) to wind up and liquidate the company in advance pursuant to article 2484.1.6) of the Italian Civil Code, appointing an official receiver. The above contribution was paid on the same date as the shareholders' meeting.
- **Italiacamp S.r.l.** – Following the entry of a new quotaholder in 2020, FS Italiane's investment decreased to 19.40%. Consequently, as shown in the above table, the company was reclassified from associate to other companies.
- **TELT SaS** – The carrying amount of this investment increased by €153,577 thousand, entirely offset by the increase in the grants related to assets received from the MIMS for financial investments as per section 7532.

Reference should be made to the next few pages of this note for information about the impairment losses on equity investments in new companies recognised during the year.

Changes in 2020

| | Changes of the year | | | | | | Carrying amount 31.12.2020 | Cumulative loss allowance |
|---|----------------------------------|--------------------------------|-------------------------|--------------------------------|-------------------|------------------|-------------------------------|---------------------------------|
| | Carrying amount 31.12.2019 | Acquisitions/ Subscriptions | Disposals/ Decreases | Impairment losses/ gains | Reclassifications | Other changes | | |
| Investments in subsidiaries | | | | | | | | |
| Anas S.p.A. | 2,863,741 | | | | | | 2,863,741 | |
| Fercredit S.p.A. | 31,413 | | | | | | 31,413 | |
| Ferservizi S.p.A. | 8,378 | | | | | | 8,378 | |
| Mercitalia Logistics S.p.A. | 219,265 | | | | | | 219,265 | 160,533 |
| FS Sistemi Urbani S.r.l. | 534,094 | | | | | | 534,094 | |
| Grandi Stazioni Immobiliare S.p.A. | 616 | | | | | | 616 | |
| Italcertifer S.p.A. | 738 | | | | | | 738 | |
| Italferr S.p.A. | 8,047 | | | | | | 8,047 | |
| RFI S.p.A. | 32,463,899 | | | | | | 32,463,899 | |
| Trenitalia S.p.A. | 1,607,137 | | | | | | 1,607,137 | |
| Busitalia - Sita Nord S.r.l. | 85,373 | | | (37,148) | | | 48,226 | 37,148 |
| Nugo S.p.A. | 11,400 | | | (11,400) | | | | 11,400 |
| Tav S.r.l. | 50 | 32 | | | | (32) | 50 | |
| FSTechnology S.p.A. | 27,578 | | | | | | 27,578 | |
| Ferrovie del Sud Est e Servizi Automobilistici - FSE S.r.l. | 73,300 | | | | | | 73,300 | |
| FS Italian Railways US Inc | 89 | 2,945 | | | | | 3,034 | |
| FS Saudi Arabia for Land Transport LLC | 119 | 2,080 | | | | | 2,199 | |
| FS International S.p.A. | 1,000 | 4,660 | | | | | 5,660 | |
| | 37,936,238 | 9,716 | | (48,548) | | (32) | 37,897,375 | 209,081 |
| Investments in associates | | | | | | | | |
| Metro 5 S.p.A. | 30,308 | | | | | | 30,308 | |
| Ferrovie Nord Milano S.p.A. | 23,061 | | | | | | 23,061 | |
| Italiacamp S.r.l. | 23 | | | | | | 23 | |
| | 53,392 | | | | | | 53,392 | |
| Investments in joint arrangements | | | | | | | | |
| T.E.L.T. Sas (formerly L.T.F. Sas) | 95,120 | 63,459 | | | | (63,459) | 95,120 | |
| | 95,120 | 63,459 | | | | (63,459) | 95,120 | |
| Other companies | | | | | | | | |
| BCC Bureau Central de Clearing | 6 | | | | | | 6 | |
| Eurofima SA | 14,584 | | | | | | 14,584 | |
| Hit Rail B.V. | 97 | | | | | | 97 | |
| Isfort S.p.A. | 61 | | | | | | 61 | |
| Treccani S.p.A. | | 1,000 | | | | | 1,000 | |
| | 14,748 | 1,000 | | | | | 15,748 | |
| Total | 38,099,498 | 74,175 | | (48,548) | | (63,491) | 38,061,635 | 209,081 |

The following table compares the carrying amounts of investments in subsidiaries, associates and joint arrangements with the corresponding interests in equity.

| | | | | | | | | (€'000) |
|---|-------------------|---------------------|----------------------------|--------------------------------|-----------------|-------------------------|-----------------------------------|----------------------|
| | Registered office | Share/quota capital | Profit (loss) for the year | Equity (deficit) at 31.12.2021 | % of investment | Attributable equity (a) | Carrying amount at 31.12.2021 (b) | Difference (b) - (a) |
| Investments in subsidiaries | | | | | | | | |
| Busitalia - Sita Nord S.r.l. | Rome | 73,000 | (5,940) | 62,009 | 100.00% | 62,009 | 48,226 | (13,783) |
| Anas S.p.A. | Rome | 2,269,892 | 402 | 2,441,468 | 100.00% | 2,441,468 | 2,863,741 | 422,273 |
| Fercredit S.p.A. | Rome | 32,500 | 6,376 | 93,673 | 100.00% | 93,673 | 31,413 | (62,260) |
| Ferservizi S.p.A. | Rome | 8,170 | 19,633 | 29,263 | 100.00% | 29,263 | 8,378 | (20,885) |
| Mercitalia Logistics S.p.A. | Rome | 184,611 | 5,292 | 204,071 | 100.00% | 204,071 | 219,265 | 15,194 |
| FS Sistemi Urbani S.r.l. | Rome | 532,784 | 1,308 | 562,019 | 100.00% | 562,019 | 534,094 | (27,925) |
| Grandi Stazioni Immobiliare S.p.A. | Rome | 4,000 | (549) | 33,456 | 60.00% | 20,074 | 616 | (19,458) |
| Italcertifer S.p.A. | Florence | 480 | 1,796 | 13,033 | 55.66% | 7,254 | 738 | (6,516) |
| Italferr S.p.A. | Rome | 14,186 | 45,130 | 117,744 | 100.00% | 117,744 | 8,047 | (109,697) |
| RFI S.p.A. | Rome | 31,528,425 | 274,649 | 33,931,745 | 100.00% | 33,931,745 | 32,463,899 | (1,467,846) |
| FSTechnology S.p.A. | Rome | 27,578 | 916 | 34,653 | 100.00% | 34,653 | 27,578 | (7,075) |
| Sita S.p.A. in liquidation (*) | Florence | 200 | 18,866 | 25,745 | 55.00% | 14,160 | 0 | (14,160) |
| Nugo S.p.A. | Rome | 1,000 | (5,231) | (1,151) | 100.00% | (1,151) | 0 | 1,151 |
| Trenitalia S.p.A. | Rome | 1,607,137 | 2,281 | 2,796,710 | 100.00% | 2,796,710 | 1,607,137 | (1,189,573) |
| TAV S.r.l. | Rome | 50 | (18) | 12 | 100.00% | 12 | 50 | 38 |
| Ferrovie del Sud Est e Servizi Automobilistici - FSE S.r.l. | Rome | 4,683 | 1,386 | 25,155 | 100.00% | 25,155 | 73,300 | 48,145 |
| FS Saudi | Riyadh | 2,187 | 499 | 2,007 | 100.00% | 2,007 | 2,199 | 192 |
| FS Italian Railways USA | San Francisco | 3,001 | (42) | 3,146 | 100.00% | 3,146 | 3,034 | (112) |
| FS International | Rome | 6,830 | (2,904) | 3,900 | 100.00% | 3,900 | 0 | (3,900) |
| Total | | | | | | 40,347,912 | 37,891,715 | (2,456,197) |
| Investments in associates | | | | | | | | |
| Metro 5 S.p.A. | Milan | 53,300 | 16,123 | 130,840 | 36.70% | 48,018 | 30,308 | (17,710) |
| Ferrovie Nord Milano S.p.A (*) | Milan | 230,000 | 23,892 | 399,625 | 14.74% | 58,905 | 23,061 | (35,844) |
| Total | | | | | | 106,923 | 53,369 | (53,554) |
| Investments in joint arrangements | | | | | | | | |
| T.E.L.T. Sas** | Le Bourget du Lac | 1,000 | 0 | 1,330,144 | 50.00% | 665,072 | 95,120 | (569,952) |
| Total | | | | | | 665,072 | 95,120 | (569,952) |
| TOTAL | | | | | | 41,119,907 | 38,040,204 | (3,079,703) |

(*) Figures related to the 2020 financial statements (**) Reclassification of the governments grants related to assets disbursed to the former parent RFI S.p.A. up to 2006 and reclassified in accordance with the group's accounting policies (as per IAS 20). These grants are used to finance the studies and preliminary works for the construction of the international section of the Turin-Lyon railway line. They are presented in equity in accordance with French GAAP.

The table below shows the methodology and discount rates used for impairment testing purposes:

| CGU | Carrying amount 31.12.2021 (€'000) | Discount rate (WACC) | Growth rate |
|-----------------------------|--|----------------------|-------------|
| Anas S.p.A. | 2,863,741 | 4.10% | |
| Ferrovie del Sud Est S.r.l. | 73,300 | 3.90% | |
| Mercitalia Logistics S.p.A. | 219,265 | 5.89% | 1.50% |
| FS International S.p.A. | 0 | 8.00% | |

The following companies have been recognised at carrying amounts above the corresponding portion of equity:

- with respect to Anas S.p.A., the directors, taking into account the changes, including those of a regulatory nature, relating to Anas' concession right in 2021 - and described in detail in paragraph 26 of the consolidated financial statements, to which reference should be made - decided to re-test the investment for impairment which did not show any impairment losses, also taking into account the specific analysis conducted by the company on the recoverability of the asset that arose on the sale of the concession for the operation of the A24-A25 Strada dei Parchi motorway. Should the developments resulting from the ongoing discussions with supranational institutions, lead to considerations and results that differ from expectations, the carrying amount of the concession will be decreased based on the cash flows indicated by the economic and financial plan, revised accordingly.
- Mercitalia Logistics S.p.A. was tested for impairment in 2021 showing no impairment. Accordingly, no impairment was recognised on this equity investment;
- FS International S.p.A. was also tested for impairment in 2021. Following this test, this equity investment was entirely written down by €6.8 million;
- the differences between the carrying amounts of Ferrovie del Sud Est S.r.l. and the corresponding portion of equity were tested for impairment and showed no impairment. Furthermore, considering the company's forecast performance in the business plan, these differences are not considered to be permanent.
- TAV S.r.l. is dormant;
- FS Saudi Arabia for Land Transport LLC's profit for the year is in line with budget forecasts. Therefore, no impairment loss was recognised.

The following table summarises the main statement of financial position and income statement captions of associates and joint arrangements. Figures are drawn from the 2021 and 2020 financial statements.

(€'000)

| Investments in associates and joint arrangements 31.12.2021 | % of investment | Current assets | Non-current assets | Assets held for sale | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Revenue | Costs | Profit (loss) |
|--|-----------------|----------------|--------------------|----------------------|--------------|---------------------|-------------------------|-------------------|---------|--------|---------------|
| Investments in associates | | | | | | | | | | | |
| FNM S.p.A. (*) | 14.74% | 164,087 | 577,265 | | 741,352 | 283,457 | 58,269 | 341,727 | 90,018 | 66,126 | 23,892 |
| Metro 5 S.p.A. | 36.70% | 123,503 | 604,217 | | 727,720 | 74,492 | 522,388 | 596,880 | 72,117 | 55,994 | 16,123 |
| Investments in joint arrangements | | | | | | | | | | | |
| T.E.L.T. Sas (formerly L.T.F. Sas) | 50.00% | 177,969 | 2,014,540 | | 2,192,509 | 150,364 | 2,041,278 | 2,191,642 | 9,838 | 9,838 | |

(*) 2020 financial statements figures

(€'000)

| Investments in associates and joint arrangements 31.12.2020 | % of investment | Current assets | Non-current assets | Assets held for sale | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Revenue | Costs | Profit (loss) |
|--|-----------------|----------------|--------------------|----------------------|--------------|---------------------|-------------------------|-------------------|---------|--------|---------------|
| Investments in associates | | | | | | | | | | | |
| FNM S.p.A. (*) | 14.74% | 253,718 | 449,131 | 2,674 | 705,524 | 264,507 | 65,301 | 329,808 | 88,980 | 65,067 | 23,913 |
| Italiacamp S.r.l. (*) | | | | | | | | | | | |
| (**) | 20.00% | 2,582 | 297 | | 2,878 | 1,285 | 202 | 1,487 | 3,410 | 2,967 | 443 |
| Metro 5 S.p.A. | 36.70% | 121,595 | 634,800 | | 756,395 | 72,924 | 585,529 | 658,453 | 74,413 | 60,995 | 13,418 |
| Investments in joint arrangements | | | | | | | | | | | |
| T.E.L.T. Sas (formerly L.T.F. Sas) | 50.00% | 92,840 | 1,649,471 | | 1,742,311 | 91,730 | 1,649,714 | 1,741,444 | 8,879 | 8,879 | |

(*) The figures relate to the 2019 financial statements (**) Financial statements drawn up under Italian GAAP

22. Non-current and current financial assets (including derivatives) (€10,554,924 thousand)

The following table gives a breakdown of financial assets at the 2021 and 2020 year ends:

(€'000)

| | Carrying amount | | | | | | | | |
|----------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Hedging derivatives | | | | 5,665 | | 5,665 | (5,665) | | (5,665) |
| Loans and borrowings | 8,355,966 | 914,551 | 9,270,517 | 6,834,642 | 926,640 | 7,761,282 | 1,521,324 | (12,089) | 1,509,235 |
| Current loans | | 1,279,267 | 1,279,267 | | 2,215,294 | 2,215,294 | | (936,027) | (936,027) |
| Other loans | 2,839 | 2,301 | 5,140 | | 5,608 | 5,608 | 2,839 | (3,307) | (468) |
| Total | 8,358,805 | 2,196,119 | 10,554,924 | 6,840,307 | 3,147,542 | 9,987,849 | 1,518,498 | (951,423) | 567,075 |

Financial assets increased by €567,075 thousand overall in 2021.

Hedging derivatives have a nil balance arising from the measurement of hedging derivatives in accordance with IFRS 13 as described in note 32 - Non-current and current financial assets (including derivatives).

Non-current loans and borrowings at 31 December 2021 refer to the loans granted to group companies, mainly to the subsidiaries RFI S.p.A. and Trenitalia S.p.A. for a total of €8,248,449 thousand, including €5,173,403 thousand in connection with the Euro Medium Term Notes Programme. The balance is net of the loss allowance of €6,260 thousand, recognised in accordance with IFRS 9.

The most significant financial transactions carried out in the year are described below:

- on 18 March 2021 - with settlement date 25 March 2021 - FS Italiane S.p.A. issued its third series of green bonds with a nominal amount of €1,000,000 thousand. The coupon has been set at 0.375%, matures on 25 March 2028 and was issued as part of the EMTN programme. Specifically, the proceeds from the issue were allocated to Trenitalia S.p.A. to update public transport rolling stock;
- on 19 April 2021, Ferrovie dello Stato Italiane S.p.A. finalised another April 2041 private bond placement with Eurofima for €250,000 thousand at a variable rate. The proceeds were used for an intragroup loan to Trenitalia S.p.A. to finance the rolling stock used to operate the medium- and long-haul public transport service;
- in June 2021, FS Italiane S.p.A. entered into three three-year bank loan agreements for a total of €500,000 thousand. Specifically, the loan agreements were entered into with UniCredit for €200,000 thousand on 16 June 2021, Intesa San Paolo for €200,000 thousand on 22 June 2021 and Banco BPM for €100,000 thousand on 28 June 2021. The proceeds were used for an intragroup loan to RFI S.p.A.;
- on 7 July 2021, FS Italiane S.p.A. transformed the intragroup bridge loan, counter-guaranteed by Busitalia Sita Nord S.r.l. and granted to Qbuzz BV on 7 November 2019, into a non-current loan of €170,000 thousand due on 31 December 2029, in order to finance investments in electric, diesel and hydrogen buses and related electrical infrastructure in the Groningen Drenthe area;
- on 16 December 2021, the European Investment Bank (EIB) supported the purchase of modern high-speed trains by Trenitalia S.p.A. for its Italian and Spanish operations via a private placement of green bonds issued by FS Italiane S.p.A. as part of the EMTN programme and maturing in December 2038. The €350,000 thousand tranche is the first green bond signed by the EIB in its history the European Investment Bank (EIB).

FS Italiane S.p.A. also granted non-current loans to Blufferries S.r.l., TrainOSE SA, Qbuzz BV, TX Logistik AG and Trenitalia France Sas for a total of €104,573 thousand, using its own liquidity.

These increases are offset by the repayment of loans by group companies during the year. The repayments total €874,462 thousand and mainly refer to RFI S.p.A. (€702,929 thousand), Trenitalia S.p.A. (€112,500 thousand), Qbuzz BV (€21,112 thousand) and Ferrovie del Sud Est e Servizi Automobilistici S.r.l. (€20,707 thousand).

The €936,027 thousand decrease in current loans during the year is essentially due to the reduction in loans granted to Trenitalia S.p.A. (€555,000 thousand), QBuzz BV (€159,712 thousand), Trenitalia c2c Limited (€146,825 thousand), RFI S.p.A. (€50,000 thousand) and Busitalia Sita Nord S.r.l. (€20,000 thousand).

The €468 thousand decrease in other loans is mainly due to the smaller loan assets with Trenitalia c2c (-€3,959 thousand) and Trenitalia S.p.A. (-€597 thousand), offset by the €4,024 thousand increase in the back-up facility and the greater loan assets with Trenitalia UK Limited (+€225 thousand).

23. Non-current and current trade receivables (€182,275 thousand)

(€'000)

| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
|---|--------------|-----------------|-----------------|--------------|-----------------|-----------------|--------------|-----------------|-----------------|
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Ordinary customers | 3,544 | 74,381 | 77,925 | 3,921 | 74,766 | 78,687 | (377) | (385) | (762) |
| Government authorities and other public authorities | | 5,054 | 5,054 | | 4,915 | 4,915 | | 139 | 139 |
| Group companies | | 123,302 | 123,302 | | 140,752 | 140,752 | | (17,450) | (17,450) |
| Total | 3,544 | 202,737 | 206,281 | 3,921 | 220,433 | 224,354 | (377) | (17,696) | (18,073) |
| Loss allowance | (15) | (23,991) | (24,006) | (163) | (23,974) | (24,137) | 148 | (17) | 131 |
| Total net of the loss allowance | 3,529 | 178,746 | 182,275 | 3,758 | 196,459 | 200,217 | (229) | (17,713) | (17,942) |

Trade receivables decreased by €17,942 thousand in the year as a result of the combined effect of:

- the €762 thousand decrease in trade receivables from ordinary customers in connection with the foreign contract for the Riyadh metro and Grandi Stazioni Retail S.p.A.;
- the €17,450 thousand decrease in trade receivables from commercial operations with intragroup customers.

Trade receivables from group companies essentially refer to the contract for the supply and management of services, IT services, sureties fees, welfare, the foreign contract for the Riyadh metro and property items mainly relating to Grandi Stazioni Rail S.p.A. and RFI S.p.A..

The loss allowance increased by a total of €131 thousand on the previous year end. The increase relates to both current trade receivables (€23,991 thousand) and non-current trade receivables (€15 thousand) and includes the loss allowance recognised in accordance with IFRS 9, €11 thousand of which on trade receivables at 31 December 2021.

The maximum exposure to credit risk, broken down by geographical segment, is as follows:

(€'000)

| | 31.12.2021 | 31.12.2020 | Changes |
|---------------------------------|----------------|----------------|-----------------|
| Italy | 188,657 | 196,965 | (8,308) |
| Eurozone countries | 1,123 | 3,048 | (1,925) |
| United Kingdom | 1,579 | 1,022 | 557 |
| Other non-EU European countries | | 250 | (250) |
| Other countries | 14,922 | 23,069 | (8,147) |
| Total | 206,281 | 224,354 | (18,073) |

24. Other non-current and current assets (€2,383,677 thousand)

| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
|---|---------------|------------------|------------------|---------------|----------------|----------------|-------------|------------------|------------------|
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Other assets from group companies | 1 | 48,684 | 48,685 | | 138,367 | 138,367 | 1 | (89,683) | (89,682) |
| VAT assets | 23,882 | | 23,882 | 23,882 | | 23,882 | | | |
| Ministry of Infrastructure and Sustainable Mobility | | 2,304,377 | 2,304,377 | | 450,912 | 450,912 | | 1,853,465 | 1,853,465 |
| Other government authorities | | 2 | 2 | | 13 | 13 | | (11) | (11) |
| Sundry assets and prepayments and accrued income | 1,785 | 7,596 | 9,381 | 1,257 | 6,259 | 7,516 | 528 | 1,337 | 1,865 |
| Total | 25,668 | 2,360,659 | 2,386,327 | 25,139 | 595,551 | 620,690 | 529 | 1,765,108 | 1,765,637 |
| Loss allowance | (1,073) | (1,577) | (2,650) | (1,073) | (418) | (1,491) | | (1,159) | (1,159) |
| Total net of the loss allowance | 24,595 | 2,359,082 | 2,383,677 | 24,066 | 595,133 | 619,199 | 529 | 1,763,949 | 1,764,478 |

The decrease in other assets from group companies is due to the reduction in the group's VAT assets (€4,684 thousand), in assets from subsidiaries (€91,004 thousand), mainly related to RFI S.p.A.'s dividends pertaining to 2020, and the concurrent increase in assets from the tax consolidation scheme (€6,004 thousand).

The amount due from the MIMS for chapter 7532 grants for the transfers to TELT Sas, to build the Turin – Lyon railway line increased by €1,853,465 thousand. The MIMS payment of €153,577 thousand to TELT Sas is detailed in note 21 - Equity investments, while €2,007,043 thousand refers to the recognition of new commitments by the MIMS in favour of FS Italiane S.p.A. following the signing of the 2021-2029 Government Programme Contract for the construction of the new Turin-Lyon line authorised by Decrees nos. 51 of 30 July 2021 and 52 of 3 August 2021.

Sundry assets increased following the reduction in contract advances paid (€971 thousand), lower amounts from social security institutions (€330 thousand) and lower assets from third parties (€437 thousand), offset by the increase in tax assets (€3,728 thousand) for tax reimbursements.

The loss allowance is up by a total of €1,159 thousand on the previous year end as a result of the losses on other assets in accordance with IFRS 9.

Assets broken down by geographical segment are as follows:

| | 31.12.2021 | | 31.12.2020 | | Changes |
|---------------------------------|------------------|--|----------------|--|------------------|
| | | | | | |
| Italy | 2,384,086 | | 618,169 | | 1,765,917 |
| Eurozone countries | 941 | | 1,431 | | (490) |
| United Kingdom | 1,132 | | 900 | | 232 |
| Other non-EU European countries | 3 | | | | 3 |
| United States | 151 | | 165 | | (14) |
| Other countries | 14 | | 25 | | (11) |
| Total | 2,386,327 | | 620,690 | | 1,765,637 |

25. Inventories (€358,567 thousand)

(€'000)

| | 31.12.2021 | 31.12.2020 | Changes |
|-------------------------------------|----------------|----------------|-----------------|
| Land and buildings held for trading | 516,150 | 525,321 | (9,171) |
| Allowance for inventory write-down | (157,583) | (153,224) | (4,359) |
| Total inventories | 358,567 | 372,097 | (13,530) |

| Reclassifications | | | |
|------------------------------------|------------|--------------|----------------|
| Cost | 2,668 | 16,035 | (13,367) |
| Allowance for inventory write-down | (2,285) | (14,157) | 11,872 |
| Total reclassifications | 383 | 1,878 | (1,495) |

Inventories comprise buildings held for trading. The net decrease of €13,530 thousand on the previous year end is due to the disposals of the year (€12,524 thousand), net of utilisation of the related allowance for inventory write-down (€2,074 thousand), and the increases in extraordinary maintenance on buildings (€685 thousand). As discussed in note 18 Investment property, during the year, properties included in sales plans were reclassified from this caption for €383 thousand.

26. Cash and cash equivalents (€675,661 thousand)

They can be analysed as follows:

| | 31.12.2021 | 31.12.2020 | Changes |
|--|----------------|----------------|----------------|
| | | | (€'000) |
| Bank and postal accounts | 635,704 | 245,013 | 390,691 |
| Cheques | | 1 | (1) |
| Cash and cash on hand | 28 | 24 | 4 |
| Cash pooling accounts | 40,555 | 49,120 | (8,565) |
| Total | 676,287 | 294,158 | 382,129 |
| Loss allowance | (626) | (448) | (178) |
| Total net of the loss allowance | 675,661 | 293,710 | 381,951 |

The €381,951 thousand increase in this caption is mainly due to the €390,691 thousand rise in bank and postal accounts related to the cash pooling account (€315,703 thousand), the net increase in intragroup loans (€40,563 thousand) and the use of a credit line (€30,000 thousand). This increase is offset by the reduction in cash pooling accounts (€8,565 thousand), mainly following the grant disbursed by the MIMS to the Sardinia region in connection with the national operational programme for transport (PON-T) for the 2000-2006 period, which was subsequently transferred by the Sardinia region to Trenitalia S.p.A..

With respect to the corresponding figures, for the purposes of a better presentation, €9,995 thousand, relating to term deposits with RFI S.p.A., was reclassified from cash pooling accounts to other financial liabilities.

27. Tax assets (€84,133 thousand)

Tax assets amount to €84,133 thousand, down by €2,131 thousand on the balance of €86,264 thousand at 31 December 2020, and mainly relate to IRES assets from the tax consolidation scheme and group withholdings.

28. Equity (€39,899,756 thousand)

Changes in the main equity captions in 2021 and 2020 are shown in the statement of changes in equity.

Share capital

FS Italiane S.p.A.'s share capital at 31 December 2021 is entirely subscribed and paid up and consists of 39,204,173,802 ordinary shares with a nominal amount of €1 each, for a total of €39,204,173,802.

Legal reserve

This reserve amounts to €66,855 thousand at the reporting date, up by €2,048 thousand after allocation of part of the 2020 profit pursuant to article 2430 of the Italian Civil Code.

Actuarial reserve

The actuarial reserve includes the effects of actuarial gains and losses on post-employment benefits and the Free Travel Card. An actuarial loss of €271 thousand, net of the tax effect, was recognised in 2021.

Retained earnings

This caption of €628,862 thousand refers to the allocation of part of the 2020 profit and prior year profits.

Profit for the year

2021 ended with a net profit of €137 thousand. The origin, availability and distributability of equity captions are shown below.

| Origin | Balance at 31.12.2021 (a+b) | Unavailable portion (a) | Possibility of use | Available portion (b) |
|---------------------------------|--------------------------------|-------------------------|--------------------|--------------------------|
| Share capital | 39,204,174 | 39,204,174 | | |
| Income-related reserves: | | | | |
| Legal reserve | 66,854 | 66,854 | | B |
| Valuation reserves | | | | |
| Actuarial reserve | (271) | | | A,B (271) |
| Retained earnings | 628,862 | | | A,B,C 628,862 |
| Total | 39,899,619 | 39,271,028 | | 628,591 |

Key:

- A: capital increase
- B: coverage of losses
- C: dividends

29. Non-current and current loans and borrowings (€9,640,762 thousand)

Details on the amounts and terms and conditions of the company's loans measured at amortised cost are as follows:

| Non-current loans and borrowings, net of the current portion | Carrying amount | | |
|--|------------------|------------------|------------------|
| | 31.12.2021 | 31.12.2020 | Changes |
| Bonds | 7,031,178 | 5,931,955 | 1,099,223 |
| Bank loans and borrowings | 998,815 | 601,780 | 397,035 |
| Total | 8,029,993 | 6,533,735 | 1,496,258 |

(€'000)

| Loans and borrowings and current portion of non-current loans and borrowings | Carrying amount | | |
|--|------------------|------------------|------------------|
| | 31.12.2021 | 31.12.2020 | Changes |
| Bonds (current portion) | 499,069 | 614,766 | (115,697) |
| Bank loans and borrowings (current portion) | 1,111,023 | 1,835,682 | (724,659) |
| Loans and borrowings from other financial backers (current portion) | | 97,060 | (97,060) |
| Loans and borrowings from group companies (current portion) | 677 | 613 | 64 |
| Total | 1,610,769 | 2,548,121 | (937,352) |
| Total loans and borrowings | 9,640,762 | 9,081,856 | 558,906 |

The €558,906 thousand increase in this caption on the previous year end is substantially due to the subscription of new bonds as part of the Euro Medium Term Notes Programme with a total nominal amount of €1,350,000 thousand (€1,000,000 thousand in March and €350,000 thousand in December), the agreement of new loans with Unicredit, Banca Intesa SanPaolo, Banco BPM and La Caixa in June and December with a total nominal amount of €700,000 thousand, of which €200,000 thousand relating to FS Italiane S.p.A. and not yet allocated to the group companies, and to the new variable-

rate private placement bond of €250,000 thousand, agreed with Eurofima in April. For additional information about the bond issues, reference should be made to note 22 Non-current and current financial assets.

These increases are offset by the reduction in current funding (€918,217 thousand), the total repayment of the second bond issue (€600,000 thousand) and the partial repayment of the 14th bond issue (€12,500 thousand), both under the Euro Medium Term Notes Programme, the EIB loan (€105,870 thousand) and the Cassa Depositi e Prestiti loan (€100,000 thousand).

Furthermore, this caption decreased due to the measurement of the interest rate swap classified as a fair value hedge (€3,969 thousand).

The terms and conditions of all non-current loans and borrowings, including the current portion, are summarised in the table below:

| | | | | (€'000) | | | |
|--------------------|----------|-----------------------|------------------|----------------|-----------------|----------------|-----------------|
| Creditor | Currency | Nominal interest rate | Year of maturity | 31.12.2021 | | 31.12.2020 | |
| | | | | Nominal amount | Carrying amount | Nominal amount | Carrying amount |
| EUROFIMA SERIES 13 | € | 6M Euribor - spread | 2026 | 190,000 | 190,112 | 190,000 | 190,104 |
| EUROFIMA SERIES 14 | € | 6M Euribor - spread | 2026 | 100,000 | 100,059 | 100,000 | 100,055 |
| EUROFIMA SERIES 15 | € | 6M Euribor - spread | 2027 | 128,700 | 128,847 | 128,700 | 128,830 |
| EUROFIMA SERIES 16 | € | 6M Euribor - spread | 2026 | 116,000 | 116,067 | 116,000 | 116,062 |
| EUROFIMA SERIES 17 | € | 6M Euribor - spread | 2022 | 120,000 | 120,154 | 120,000 | 120,137 |
| EUROFIMA SERIES 18 | € | 6M Euribor - spread | 2024 | 122,200 | 122,264 | 122,200 | 122,260 |
| EUROFIMA SERIES 19 | € | 6M Euribor - spread | 2027 | 65,700 | 65,773 | 65,700 | 65,765 |
| EUROFIMA SERIES 26 | € | 6M Euribor + spread | 2025 | 42,500 | 42,500 | 42,500 | 42,505 |
| EUROFIMA SERIES 27 | € | 6M Euribor + spread | 2034 | 200,000 | 200,000 | 200,000 | 200,000 |
| EUROFIMA SERIES 28 | € | 6M Euribor + spread | 2034 | 200,000 | 200,000 | 200,000 | 200,000 |
| EUROFIMA SERIES 29 | € | 6M Euribor + spread | 2030 | 200,000 | 200,000 | 200,000 | 200,000 |
| EUROFIMA SERIES 30 | € | 6M Euribor + spread | 2034 | 240,000 | 240,000 | 240,000 | 240,000 |
| EUROFIMA SERIES 31 | € | 6M Euribor + spread | 2041 | 250,000 | 250,000 | | |
| EMTN PROGR. TR. 2 | € | fixed rate 3.50% | 2021 | | | 600,000 | 600,583 |
| EMTN PROGR. TR. 3 | € | 6M Euribor + spread | 2025 | 300,000 | 300,005 | 300,000 | 300,005 |
| EMTN PROGR. TR. 4 | € | 6M Euribor + spread | 2022 | 350,000 | 350,196 | 350,000 | 350,286 |
| EMTN PROGR. TR. 5 | € | fixed rate 1.65% | 2031 | 50,000 | 50,208 | 50,000 | 50,194 |
| EMTN PROGR. TR. 6 | € | fixed rate 1.50% | 2025 | 1,000,000 | 1,006,168 | 1,000,000 | 1,005,767 |
| EMTN PROGR. TR. 7 | € | fixed rate 0.87% | 2023 | 600,000 | 600,167 | 600,000 | 600,077 |
| EMTN PROGR. TR. 8 | € | 6M Euribor + spread | 2025 | 100,000 | 100,007 | 100,000 | 100,008 |
| EMTN PROGR. TR. 9 | € | 6M Euribor + spread | 2030 | 200,000 | 200,243 | 200,000 | 200,270 |
| EMTN PROGR. TR. 10 | € | fixed rate 1.12% | 2026 | 700,000 | 703,317 | 700,000 | 703,226 |
| EMTN PROGR. TR. 11 | € | fixed rate 1.03% | 2029 | 100,000 | 100,271 | 100,000 | 100,254 |
| EMTN PROGR. TR. 12 | € | 6M Euribor + spread | 2029 | 140,000 | 140,012 | 140,000 | 140,013 |
| EMTN PROGR. TR. 13 | € | 6M Euribor + spread | 2024 | 190,000 | 190,000 | 190,000 | 190,000 |
| EMTN PROGR. TR. 14 | € | 6M Euribor + spread | 2032 | 137,500 | 137,918 | 150,000 | 150,540 |
| EMTN PROGR. TR. 15 | € | fixed rate 0.64% | 2030 | 250,000 | 250,123 | 250,000 | 250,123 |
| EMTN PROGR. TR. 16 | € | fixed rate 0.00% | 2023 | 80,000 | 80,179 | 80,000 | 80,270 |
| EMTN PROGR. TR. 17 | € | fixed rate 0.37% | 2028 | 1,000,000 | 997,727 | | |
| EMTN PROGR. TR. 18 | € | 6M Euribor + spread | 2029 | 350,000 | 350,006 | | |

| | | | | 7,522,600 | 7,532,323 | 6,535,100 | 6,547,334 |
|---------------------------------------|---|------------------------|------|------------------|------------------|------------------|------------------|
| EIB | € | fixed rate 4.685% | 2021 | | | 105,870 | 106,090 |
| Cassa Depositi e Prestiti | € | fixed rate 4.026% | 2021 | | | 97,060 | 97,060 |
| TLTRO (ISP) | € | 6M Euribor + spread | 2022 | 300,000 | 299,877 | 300,000 | 299,582 |
| TLTRO (ISP) | € | 6M Euribor + spread | 2024 | 200,000 | 199,673 | | |
| TLTRO (ISP) | € | 6M Euribor + spread | 2024 | 50,000 | 49,878 | | |
| TLTRO (Unicredit) | € | 6M Euribor + spread | 2023 | 200,000 | 199,865 | 200,000 | 199,771 |
| TLTRO (Unicredit) | € | 6M Euribor + spread | 2023 | 100,000 | 99,937 | 100,000 | 99,892 |
| TLTRO (Unicredit) | € | 6M Euribor + spread | 2024 | 200,000 | 199,754 | | |
| TLTRO BPM | € | 6M Euribor + spread | 2024 | 100,000 | 99,917 | | |
| TLTRO CAIXA | € | 6M Euribor + spread | 2024 | 150,000 | 149,822 | | |
| Total loans and borrowings (*) | | | | 8,822,600 | 8,831,046 | 7,338,030 | 7,349,729 |

(*) The carrying amount of loans and borrowings at 31 December 2021 excludes current funding of €811,115 thousand and the -€1,399 thousand adjustment to financial liabilities for fair value hedges. The balance at 31 December 2020 excluded current funding of €1,729,558 thousand and the -€2,569 thousand adjustment to financial liabilities for fair value hedges.

The table below analyses the net financial position, shown in the reclassified statement of financial position, as presented in the 2021 directors' report compared with 31 December 2020. With respect to the corresponding figures, for the purposes of a better presentation, €9,995 thousand was reclassified from cash pooling accounts to the intragroup current account:

(€'000)

| Net financial position | 31.12.2021 | 31.12.2020 | Change |
|---|-------------------|-------------------|-----------------|
| Net current financial position | (629,161) | (578,987) | (50,174) |
| Cash pooling accounts | (40,527) | (49,092) | 8,565 |
| Loans and borrowings from other financial backers | | 97,060 | (97,060) |
| Bank loans and borrowings | 1,109,053 | 1,834,895 | (725,842) |
| Bonds | 496,544 | 612,518 | (115,974) |
| Intragroup current account | 629,121 | 308,476 | 320,645 |
| Loans with group companies | (2,188,320) | (3,138,428) | 950,108 |
| Bank and postal accounts | (635,105) | (244,593) | (390,512) |
| Other | 73 | 177 | (104) |
| Net non-current financial position | (326,941) | (300,903) | (26,038) |
| Bank loans and borrowings | 995,976 | 601,780 | 394,196 |
| Bonds | 7,031,178 | 5,931,955 | 1,099,223 |
| Loans with group companies | (8,354,262) | (6,834,642) | (1,519,620) |
| Other | 167 | 4 | 163 |
| Total | (956,102) | (879,890) | (76,212) |

Pursuant to the amendments to IAS 7, the reconciliation between the total changes in financial assets and liabilities broken down by monetary and non-monetary items is given below.

(€'000)

| | 31.12.2020 | Monetary items (statement of cash flows) | Intragroup current account | Non-monetary items | | | 31.12.2021 |
|---|------------------|---|----------------------------|--------------------|-------------|----------------|------------------|
| | | | | New leases | IFRS 9 | Other | |
| Disbursement and repayment of current and non/current loans | 9,081,856 | 555,784 | | | | 3,121 | 9,640,761 |
| Change in other financial assets | (9,987,850) | (562,417) | 4,493 | | (63) | (9,087) | (10,554,924) |
| Change in other financial liabilities | 304,154 | 2,760 | 326,151 | 656 | | 3,024 | 636,745 |
| Total | (601,840) | (3,873) | 330,644 | 656 | (63) | (2,942) | (277,418) |

30. Post-employment benefits and other employee benefits (€7,295 thousand)

(€'000)

| | 31.12.2021 | 31.12.2020 |
|--|--------------|--------------|
| Present value of post-employment benefit obligations | 7,008 | 7,347 |
| Present value of Free Travel Card obligations | 287 | 289 |
| Total present value of obligations | 7,295 | 7,636 |

Changes in the present value of liabilities for defined benefit obligations for post-employment benefits and the Free Travel Card (excluding other employee benefits) are shown in the table below.

(€'000)

| | 2021 | 2020 |
|--|--------------|--------------|
| Defined benefit obligations at 1 January | 7,636 | 7,749 |
| Service costs | 6 | 6 |
| Interest cost (*) | 11 | 26 |
| Actuarial (gains) losses recognised in equity (**) | 294 | 245 |
| Advances, utilisations and other changes | (652) | (390) |
| Total defined benefit obligations | 7,295 | 7,636 |

(*) through profit or loss

(**) net of the tax effects

The decrease in the provision for post-employment benefits and the Free Travel Card (approximately €341 thousand) mainly refers to:

- the benefits paid to personnel who left the company during the year (€506 thousand) and transfers of employees to and from other group companies (€146 thousand);
- the difference between the expected accrued amount at the end of the observation period and the expected present value of the benefits payable in the future as recalculated at the end of the period and of the updated valuation assumptions, that represents the actuarial gains/(losses). This calculation generated an actuarial loss of €294 thousand during the year, compared to the actuarial loss of €245 thousand in 2020.

Actuarial assumptions

The main assumptions for the actuarial estimate process are described below.

| | 2021 | 2020 |
|--|---|---------|
| Discount rate (post-employment benefits) | 0.44% | (0.02)% |
| Discount rate (Free Travel Card) | 0.98% | 0.34% |
| Annual rate of increase in post-employment benefits (Year x+1) | 2.81% | 2.10% |
| Inflation rate (post-employment benefits) (Year+1) | 1.75% | 0.80% |
| Inflation rate (Free Travel Card) (Year+1) | 1.75% | 0.80% |
| Expected turnover rate for employees | 3.00% | 3.00% |
| Expected rate of advances | 2.00% | 2.00% |
| Probability of death | RG48 mortality rate published by the General Accounting Office | |
| Disability | INPS tables broken down by gender and age | |
| Retirement age | 100% upon meeting the Compulsory general insurance requirements | |

The following table shows the results of the sensitivity analysis performed to assess the effects that would have been recorded in terms of changes in the present value of liabilities for defined benefit obligations, following reasonably possible changes in actuarial assumptions.

The last table shows the average duration of the defined benefit obligations and the disbursements provided by the plan.

| | Post-employment benefits | Free Travel Card |
|-----------------------|--------------------------|------------------|
| Inflation rate +0.25% | 7,087 | 295 |
| Inflation rate -0.25% | 6,925 | 279 |
| Discount rate +0.25% | 6,876 | 278 |
| Discount rate -0.25% | 7,139 | 297 |
| Turnover rate +1% | 6,947 | |
| Turnover rate -1% | 7,070 | |
| Service cost | | 7 |
| Plan duration | 8 | 15 |
| Payment - first year | 998 | 17 |
| Payment - second year | 519 | 17 |
| Payment - third year | 642 | 16 |
| Payment - fourth year | 478 | 15 |
| Payment - fifth year | 305 | 15 |

31. Provisions for risks and charges (€149,520 thousand)

The opening and the closing balances of, and changes in, the provisions for risks and charges in the year are given below. (€'000)

| | 31.12.2020 | Accruals | Utilisations | Other changes | Release of excess provisions | 31.12.2021 |
|-----------------------------|----------------|--------------|----------------|---------------|------------------------------|----------------|
| Tax provision | 2 | | (2) | | | |
| Labour and civil litigation | 5,981 | 1,884 | (183) | | | 7,682 |
| Other minor risks | 142,113 | 1,266 | (1,621) | 80 | | 141,838 |
| Total | 148,096 | 3,150 | (1,806) | 80 | | 149,520 |

The **provision for labour and civil litigation** was accrued to cover probable expenses due to the third-party litigation related to sales contracts (price reductions, compensation for damage incurred during sales negotiations), non-compliance with agreements or disputes about leases, claims for checks on property, pre-emption, etc. rights, as well as disputes with personnel. €183 thousand of the provision was used in 2021, mainly due to the disputes with personnel and to manage real estate, while €1,884 thousand was accrued after the company's prudent update of its risk valuation.

The **provision for other minor risks** mainly covers estimated expenses to be incurred for managers involved in the change management process and contractual costs borne by the former Ferrovie Real Estate S.p.A. connected to specific sales, called "high income and high building package", reclamation costs for certain sites, contractual risks and tax-related items non included in the tax provision described below.

Utilisations of the provisions for risks in the year (€1,621 thousand) refer to the overall expenses incurred to meet the contractual obligations of the former Ferrovie Real Estate S.p.A. and other property management expenses.

The accruals (€1,266 thousand) refer to the renewal of the national labour agreement for the period 2021-2023.

Other changes relate to the reclassification of €80 thousand of the fund for income assistance (Interministerial decree of 9 January 2015, Legislative decree no. 148/2015D and INPS circular of 29 December 2015) to other current and non-current liabilities, in relation to projects launched during the year.

The **tax provision** covers probable tax outlays. It was used in its entirety during the year.

32. Non-current and current financial liabilities (including derivatives) (€636,745 thousand)

(€'000)

| | Carrying amount | | | | | | | | |
|-----------------------------|-----------------|----------------|----------------|-------------|----------------|----------------|--------------|----------------|----------------|
| | 31.12.2021 | | | 31.12.2020 | | | Change | | |
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Financial liabilities | | | | | | | | | |
| Financial instruments | 3,024 | | 3,024 | | | | 3,024 | | 3,024 |
| Lease liabilities | 511 | 181 | 692 | 5 | 202 | 207 | 506 | (21) | 485 |
| Other financial liabilities | 1,360 | 631,669 | 633,029 | | 313,943 | 313,943 | 1,360 | 317,726 | 319,086 |
| Total | 4,895 | 631,850 | 636,745 | 5 | 314,145 | 314,150 | 4,890 | 317,705 | 322,595 |

The increase in other financial liabilities is mainly due to the higher liability for the intragroup current accounts, mostly with Trenitalia S.p.A. (€116,495 thousand), RFI S.p.A. (€86,701 thousand), Ferrovie del Sud Est e Servizi Automobilistici S.r.l. (€52,808 thousand), FSTechnology S.p.A. (€43,744 thousand), Trenitalia TPER Scarl (€20,137 thousand), Ataf Gestioni S.r.l. (€15,133 thousand) and Mercitalia Rail S.r.l. (€12,862 thousand) offset by the decrease in the balance with Busitalia Veneto S.p.A. (€11,849 thousand), Mercitalia Shunting & Terminal S.r.l. (€7,405 thousand), QBuzz BV (€3,101 thousand), Busitalia Sita Nord S.r.l. (€2,533 thousand) and Mercitalia Logistics S.p.A. (€2,260 thousand).

With respect to the corresponding figures, for the purposes of a better presentation, €9,995 thousand was reclassified from cash pooling accounts to intragroup current account, as described in note 26 Cash and cash equivalents.

Financial instruments include the liability deriving from the measurement of derivatives hedging the financial risk in accordance with IFRS 13. At the measurement date, the company's derivatives consisted of cross currency swaps (cash flow hedges) and interest rate swaps (fair value hedges) related to the EMTN series 11 bond issue.

Lease liabilities of €692 thousand consist of the financial liability recognised in accordance with IFRS 16.

The table below shows a forecast of potential future lease payments:

(€'000)

| Recognised lease liabilities | Potential future lease payments | Rate at which lease extension/termination options have been historically exercised |
|------------------------------|---------------------------------|--|
| 692 | 844 | 50% |

33. Current trade payables (€106,269 thousand)

They can be analysed as follows:

| | (€'000) | | |
|-----------------|----------------|----------------|-----------------|
| | 31.12.2021 | 31.12.2020 | Changes |
| Suppliers | 40,530 | 57,311 | (16,781) |
| Advances | 8,499 | 9,157 | (658) |
| Group companies | 57,240 | 66,242 | (9,002) |
| Total | 106,269 | 132,710 | (26,441) |

Trade payables mainly consist of amounts due to non-group suppliers and group companies. Liabilities with related parties are described in note 40 Related party transactions.

Advances amount to €8,499 thousand and mainly refer to amounts received for expropriations not yet completed.

The fair value measurement of trade payables had no significant effect considering the short period of time between the moment the payable arises and its due date.

34. Other non-current and current liabilities (€2,413,178 thousand)

| | 31.12.2021 | | | 31.12.2020 | | | Changes | | |
|--|---------------|------------------|------------------|---------------|----------------|----------------|----------------|------------------|------------------|
| | Non-current | Current | Total | Non-current | Current | Total | Non-current | Current | Total |
| Advances for grants | | 2,304,378 | 2,304,378 | | 450,912 | 450,912 | | 1,853,466 | 1,853,466 |
| VAT liabilities | | 539 | 539 | | 8,492 | 8,492 | | (7,953) | (7,953) |
| Social security charges payable | | 5,006 | 5,006 | | 5,339 | 5,339 | | (333) | (333) |
| Other liabilities with group companies | 19,957 | 24,841 | 44,798 | 20,409 | 33,773 | 54,182 | (452) | (8,932) | (9,384) |
| Other liabilities and accrued expenses and deferred income | 7,046 | 51,411 | 58,457 | 8,619 | 63,464 | 72,083 | (1,573) | (12,053) | (13,626) |
| Total | 27,003 | 2,386,175 | 2,413,178 | 29,028 | 561,980 | 591,008 | (2,025) | 1,824,195 | 1,822,170 |

Advances for grants are entirely related to the resources allocated to the construction of the Turin - Lyon railway line. The increase on the previous year end mirrors the increase in the amounts due from the MIMS (see note 24).

The €7,953 thousand decrease in VAT liabilities is due to the VAT liability of the year.

The decrease in liabilities with group companies is principally due to the tax consolidation scheme (€5,223 thousand) and the reduction in VAT liabilities (€3,754 thousand) mainly as a result of the transfer of net VAT assets/liabilities during the year by the companies participating in the VAT consolidation scheme.

The €13,626 thousand decrease in other liabilities and accrued expenses and deferred income is mainly due to the adjustment of the fund for income assistance (-€2,000 thousand; reference should be made to note 31 - Provision for risks and charges for additional details), amounts due to employees, mainly comprised of leaving incentives formalised during the year the payment of which will be recognised in the subsequent year, bonuses for employees and managers seconded to other group companies (-€3,131 thousand) and other liabilities, specifically related to the grant under the national

operational programme for transport (PON-T) for the 2000-2006 period disbursed to the Sardinia region, as described in note 26 - Cash and cash equivalents.

35. Financial risk management

The activities that the company carries out expose it to various types of risks that include market risk (interest rate, price and currency risk), liquidity risk and credit risk.

This section provides information on the company's exposure to each of the risks listed above, the objectives, policies and processes for the management of these risks and the methods used to assess them, as well as capital management.

Risk management focuses on the volatility of financial markets and is aimed at minimising potential undesired effects on the company's financial position, performance and cash flows.

Credit risk

Credit risk is the risk that a customer or one of the counterparties of a financial instrument may cause a financial loss by not complying with an obligation. It mainly arises from trade receivables and the company's financial investments with third parties. However, the company's financial assets mainly relate to loans granted to FS Italiane group companies; therefore, they do not generate a significant credit risk.

The main trade receivables relate to sales of property held for trading, with the payments made in instalments or deferred payments backed by bank guarantees. Accordingly, there is a very low credit risk involved.

The recoverability of trade receivables is forecast considering each individual position, taking account of the instructions given by the heads of department and by the internal and external legal advisors who handle recovery procedures. Accordingly, trade receivables whose recovery is uncertain at the reporting date are impaired.

With regard to credit risk deriving from investing activities, the company applies a liquidity investment policy which defines the minimum requirements of the financing counterparty in terms of creditworthiness and the related concentration thresholds and the types of financial products that can be used.

With respect to trade receivables and investing activities, the company applies a policy to manage the risk of default also considering the recent application of IFRS 9.

With respect to the derivatives used for hedging purposes and which can potentially generate credit exposure to counterparties, the company applies a specific policy that defines concentration thresholds by counterparty and credit rating.

The table below shows the company's exposure to credit risk:

(€'000)

| 31.12.2021 | | | | | |
|---|-----------------------|-----------------------|------------------------|-------------------|-------------------|
| | Public administration | Third party customers | Financial institutions | Group companies | Total |
| Current and non-current trade receivables | 565 | 58,497 | | 123,213 | 182,275 |
| Other current and non-current assets | 2,302,878 | 2,091 | | 48,671 | 2,353,640 |
| Current and non-current financial assets | | 7,334 | | 10,547,590 | 10,554,924 |
| Cash and cash equivalents | | | 675,633 | | 675,633 |
| Total financial assets (*) | 2,303,443 | 67,922 | 675,633 | 10,719,474 | 13,766,472 |

*Tax assets and equity investments are not included

(€'000)

| 31.12.2020 | | | | | |
|---|-----------------------|-----------------------|------------------------|-------------------|-------------------|
| | Public administration | Third party customers | Financial institutions | Group companies | Total |
| Current and non-current trade receivables | 420 | 59,400 | | 140,398 | 200,218 |
| Other current and non-current assets | 450,983 | 3,450 | | 138,280 | 592,713 |
| Current and non-current financial assets | | 8,700 | | 9,979,149 | 9,987,849 |
| Cash and cash equivalents | | | 293,685 | | 293,685 |
| Total financial assets (*) | 451,403 | 71,550 | 293,685 | 10,257,827 | 11,074,465 |

*Tax assets and equity investments are not included

The tables below gives a breakdown of financial assets at 31 December 2021 and 2020 by overdue amounts, net of the loss allowance.

(€'000)

31.12.2021

Past due by

| | Not past due | 0-180 days | 180-360 days | 360-720 days | More than 720 days | Total |
|------------------------------------|-------------------|---------------|--------------|--------------|--------------------|-------------------|
| Public administration (gross) | 2,306,804 | 62 | 302 | 29 | 2,292 | 2,309,489 |
| Loss allowance | (3,852) | (15) | (13) | (23) | (2,143) | (6,046) |
| Public administration (net) | 2,302,952 | 47 | 289 | 6 | 149 | 2,303,443 |
| Third party customers (gross) | 48,558 | 10,652 | 1,783 | 7,990 | 19,452 | 88,435 |
| Loss allowance | (1,304) | (524) | (504) | (1,155) | (17,026) | (20,513) |
| Third party customers (net) | 47,254 | 10,128 | 1,279 | 6,835 | 2,426 | 67,922 |
| Financial institutions (gross) | 676,259 | | | | | 676,259 |
| Loss allowance | (626) | | | | | (626) |
| Financial institutions | 675,633 | | | | | 675,633 |
| Group companies | 10,708,767 | 8,180 | 1,688 | 2,721 | 5,344 | 10,726,700 |
| Loss allowance | (7,221) | | | | (5) | (7,226) |
| Group companies (net) | 10,701,546 | 8,180 | 1,688 | 2,721 | 5,339 | 10,719,474 |
| Total financial assets | 13,727,385 | 18,355 | 3,256 | 9,562 | 7,914 | 13,766,472 |

(€'000)

31.12.2020

Past due by

| | Not past due | 0-180 days | 180-360 days | 360-720 days | More than 720 days | Total |
|------------------------------------|-------------------|---------------|--------------|--------------|--------------------|-------------------|
| Public administration (gross) | 453,679 | 29 | 90 | 208 | 2,217 | 456,223 |
| Loss allowance | (2,609) | 27 | (17) | (66) | (2,155) | (4,820) |
| Public administration (net) | 451,070 | 56 | 73 | 142 | 62 | 451,403 |
| Third party customers (gross) | 47,267 | 18,254 | 5,678 | 3,568 | 17,150 | 91,917 |
| Loss allowance | (1,431) | | (15) | (222) | (18,699) | (20,367) |
| Third party customers (net) | 45,836 | 18,254 | 5,663 | 3,346 | (1,549) | 71,550 |
| Financial institutions (gross) | 294,133 | | | | | 294,133 |
| Loss allowance | (448) | | | | | (448) |
| Financial institutions | 293,685 | | | | | 293,685 |
| Group companies | 10,241,033 | 10,640 | 3,402 | 3,827 | 6,557 | 10,265,459 |
| Loss allowance | (7,371) | | | (89) | (172) | (7,632) |
| Group companies (net) | 10,233,662 | 10,640 | 3,402 | 3,738 | 6,385 | 10,257,827 |
| Total financial assets | 11,024,253 | 28,950 | 9,138 | 7,226 | 4,898 | 11,074,465 |

The total exposure and the impairment of each category, determined by risk class at 31 December 2021 and 2020, as per Fitch's rating, are shown below:

(€'000)

| | 31.12.2021 | | | |
|------------------------------|------------|---------------------------------|---------------------------------|--|
| | FVTPL | FVOCI | | Amortised cost |
| | | 12-month expected credit losses | 12-month expected credit losses | Lifetime - not impaired Lifetime - impaired |
| from AAA to BBB- | | | 13,685,544 | 5,308 |
| from BB to BB+ | | | 73,279 | 20,712 |
| from B to CCC | | | 16,040 | |
| from CC to C | | | | |
| D | | | | |
| Gross carrying amount | | | 13,774,863 | 26,020 |
| Loss allowance | | | 34,411 | |
| Carrying amount | | | 13,740,452 | 26,020 |

(*) Fair value through profit and loss; (**) Fair value through other comprehensive income

(€'000)

| | 31.12.2020 | | | |
|------------------------------|------------|---------------------------------|---------------------------------|--|
| | FVTPL(*) | FVOCI(**) | | Amortised cost |
| | | 12-month expected credit losses | 12-month expected credit losses | Lifetime - not impaired Lifetime - impaired |
| from AAA to BBB- | | | 11,000,161 | |
| from BB to BB+ | | | 87,175 | 2,572 |
| from B to CCC | | | 17,824 | |
| from CC to C | | | | |
| D | | | | |
| Gross carrying amount | | | 11,105,160 | 2,572 |
| Loss allowance | | | 33,267 | |
| Carrying amount | | | 11,071,893 | 2,572 |

(*) Fair value through profit and loss; (**) Fair value through other comprehensive income

Changes in the loss allowance may be analysed as follows:

| | 2021 | | | Total |
|---------------------------------------|---------------------------------|-----------------------|-------------------|---------------|
| | 12-month expected credit losses | Lifetime-not impaired | Lifetime-impaired | |
| Balance at 1 January 2021 | | 33,267 | | 33,267 |
| Net revaluation of the loss allowance | | 1,948 | | 1,948 |
| Transfer to lifetime - impaired | | | | |
| Transfer to lifetime - not impaired | | | | |
| Repaid financial assets | | | | |
| New assets acquired | | | | |
| Utilisation of the allowance | | (804) | | (804) |
| Balance at 31 December 2021 | | 34,411 | | 34,411 |

Liquidity risk

Liquidity risk is the risk that an entity may have difficulties in complying with the obligations associated with financial liabilities to be settled by delivering cash or another financial asset.

The parent adopts asset liability management techniques in collecting debt and loan principal from the group companies.

The company's objective is the prudent management of the liquidity risk arising from ordinary operations.

In order to meet potential and temporary cash requirements, the parent agreed a three-year revolving and committed backup credit facility in 2021 (€2.5 billion) for general purposes.

Furthermore, the company has numerous uncommitted credit lines granted by banks.

The following tables shows the due dates of financial liabilities, including interest to be paid, and trade payables:

| 31 December 2021 | | | | | | (€'000) |
|---|------------------|----------------|------------------|------------------|------------------|-------------------|
| | 6 months or less | 6-12 months | 1-2 years | 2-5 years | After 5 years | Total |
| Bonds | 144,814 | 374,710 | 749,727 | 3,096,964 | 3,539,851 | 7,906,066 |
| Bank loans and borrowings | 1,111,641 | 628 | 303,243 | 702,764 | | 2,118,276 |
| Financial liabilities | 633,705 | | | | | 633,705 |
| Lease liabilities | 96 | 86 | 173 | 321 | 20 | 696 |
| Non-derivative financial liabilities | 1,890,256 | 375,424 | 1,053,143 | 3,800,049 | 3,539,871 | 10,658,743 |
| Trade payables | 106,269 | | | | | 106,269 |
| Derivative financial liabilities | 766 | (24) | 102 | 621 | 1,348 | 2,813 |
| Total financial liabilities | 1,997,291 | 375,400 | 1,053,245 | 3,800,670 | 3,541,219 | 10,767,825 |

(€'000)

| 31.12.2020 | 6 months or less | 6-12 months | 1-2 years | 2-5 years | After 5 years | Total |
|---|------------------|----------------|----------------|------------------|------------------|------------------|
| Bonds | 21,595 | 644,758 | 515,151 | 2,563,064 | 3,049,369 | 6,793,937 |
| Bank loans and borrowings | 1,729,713 | 110,998 | 299,950 | 299,854 | | 2,440,515 |
| Loans and borrowings from other financial backers | 50,000 | 50,000 | | | | 100,000 |
| Financial liabilities | 314,555 | | | | | 314,555 |
| Lease liabilities | 57 | 33 | 44 | 78 | | 212 |
| Non-derivative financial liabilities | 2,115,920 | 805,789 | 815,145 | 2,862,996 | 3,049,369 | 9,649,219 |
| Trade payables | 132,710 | | | | | 132,710 |
| Total financial liabilities | 2,248,630 | 805,789 | 815,145 | 2,862,996 | 3,049,369 | 9,781,929 |

Derivative and non-derivative financial liabilities

The contractual flows of variable-rate loans have been calculated using the forward rates estimated at the reporting date. The amounts include both principal and interest.

The following table shows the repayments of financial liabilities within one year, 1-2 year, 2-5 years and after five years.

(€'000)

| 31 December 2021 | Carrying amount | Within one year | 1-5 years | After 5 years |
|---|-------------------|------------------|------------------|------------------|
| Bonds | 7,530,247 | 499,069 | 3,667,680 | 3,363,498 |
| Bank loans and borrowings | 2,109,838 | 1,111,023 | 998,815 | |
| Financial liabilities | 633,705 | 633,705 | | |
| Lease liabilities | 692 | 181 | 491 | 20 |
| Non-derivative financial liabilities | 10,274,482 | 2,243,978 | 4,666,986 | 3,363,518 |
| Trade payables | 106,269 | 106,269 | | |

(€'000)

| 31.12.2020 | Carrying amount | Within one year | 1-5 years | After 5 years |
|---|------------------|------------------|------------------|------------------|
| Bonds | 6,546,720 | 627,266 | 2,852,457 | 3,066,997 |
| Bank loans and borrowings | 2,437,463 | 1,838,252 | 599,211 | |
| Loans and borrowings from other financial backers | 97,060 | 97,060 | | |
| Financial liabilities | 314,555 | 314,555 | | |
| Lease liabilities | 207 | 88 | 119 | |
| Non-derivative financial liabilities | 9,396,005 | 2,877,221 | 3,451,787 | 3,066,997 |
| Trade payables | 132,710 | 132,710 | | |

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate following changes in market prices, due to changes in exchange rates, interest rates or prices of equity instruments. The objective of market risk management is to keep the company's exposure to these risks within acceptable levels, while optimising returns on investments.

The company's exposure to interest rate and currency risk is limited.

Interest rate risk

The company is mainly exposed to interest rate risk relating to non-current loans indexed to variable rates. The group companies which are mainly exposed to this risk (including Trenitalia and RFI) decided to enter into hedging transactions based on specific risk management policies approved by the relevant boards of directors and implemented with the technical and operational support of the parent's Finance & Investor Relations function.

Despite the various customisations due to the financial and business characteristics of each company, the common objective of the applied policies is to limit cash flow fluctuations in financing transactions in place and, where possible, to exploit the opportunities to optimise borrowing costs offered by the indexing of variable-rate debt.

In accordance with the above policies, the company only uses plain vanillas, such as interest rate swaps, interest rate collars and interest rate caps.

The table below shows the company's variable and fixed rate current and non-current financial liabilities.

| | Carrying amount | Contractual cash flows | Current portion | 1-2 years | 2-5 years | after 5 years |
|------------------------------------|-------------------|------------------------|------------------|------------------|------------------|------------------|
| Variable rate | 6,487,723 | 7,380,414 | 2,236,417 | 943,880 | 2,027,261 | 2,172,856 |
| Fixed rate | 3,786,759 | 3,278,329 | 29,263 | 109,263 | 1,772,788 | 1,367,015 |
| Balance at 31 December 2021 | 10,274,482 | 10,658,743 | 2,265,680 | 1,053,143 | 3,800,049 | 3,539,871 |
| Variable rate | 5,800,008 | 5,864,703 | 2,058,291 | 783,557 | 1,098,463 | 1,924,391 |
| Fixed rate | 3,595,997 | 3,784,516 | 863,417 | 31,588 | 1,764,533 | 1,124,978 |
| Balance at 31 December 2020 | 9,396,005 | 9,649,219 | 2,921,708 | 815,145 | 2,862,996 | 3,049,369 |

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in interest expense had an increase or a decrease of 50 basis points in the Euribor interest rates affected loans in 2021:

| | Shift + 50 bps | Shift - 50 bps |
|--|----------------|----------------|
| Interest expense on variable-rate debt | 10,140 | (6,812) |
| Interest income from loans | (11,675) | 8,347 |
| Total | (1,535) | 1,535 |

Currency risk

The company has an intragroup loan with Trenitalia UK of GBP60 million, in relation to which cross currency swaps were agreed to hedge the currency risk.

Capital management

The company's main objective with respect to capital risk management is to safeguard its ability to continue as a going concern, while ensuring returns for shareholders and benefits for the other stakeholders. The company also intends to maintain an optimal capital structure in order to reduce the cost of debt.

36. Contingent assets and contingent liabilities

At the reporting date, there were no contingent assets or liabilities.

37. Other information

At the date of preparation of these financial statements, similarly to the previous years, the share capital of Eurofima SA, with registered office in Basel, and in which the company holds a 13.50% investment, was not entirely called up. Consequently, based on the following observations, this represents a financial commitment by the company:

- the callable shares were last approved in 1997;
- the Swiss legislation allows callable shares to never be called up.

The callable share capital that Ferrovie dello Stato Italiane S.p.A. holds amounts to CHF280,800,000 (€270,781 thousand at the exchange rate ruling on 31 December 2021). Its payment would increase the carrying amount of the equity investment by the same amount.

38. Audit fees (€660 thousand)

Pursuant to article 37.16 of Legislative decree no. 39/2010 and letter 16-bis of article 2427 of the Italian Civil Code, the total fees due to the independent auditors and its network companies amount to €660 thousand, of which €520 thousand related to the statutory audit and €140 thousand to services other than the statutory audit.

39. Directors' and statutory auditors' fees (€1,261 thousand)

| | 2021 | 2020 | Changes |
|--------------------------|--------------|--------------|-------------|
| Directors ⁽¹⁾ | 1,161 | 1,232 | (71) |
| Statutory auditors | 100 | 100 | |
| Total | 1,261 | 1,332 | (71) |

⁽¹⁾ Includes the fees of chairman, director and the CEO's fixed and variable remuneration, also as a manager of FS Italiane S.p.A..

Directors' fees include the amounts envisaged for the positions of chairman and CEO, as well as any amounts envisaged for the remaining board members. In addition to the above fees, the external member of the supervisory body received €109 thousand. The fees to the representatives of the MEF (directors and statutory auditors) are transferred to such Ministry when the related parties are employees thereof.

40. Related parties

Transactions with key managers

| | 2021 | 2020 |
|--------------------------|--------------|--------------|
| Short-term benefits | 5,414 | 5,714 |
| Post-employment benefits | 378 | 411 |
| Total | 5,792 | 6,125 |

The benefits relate to the sundry remuneration paid to parties indicated.

In addition to short-term benefits of €5,414 thousand paid out in 2021, a variable portion is to be paid in 2021 for an amount not exceeding €1,500 thousand, once checks have been made on whether objectives have been reached.

Termination benefits of €2,364 thousand were paid to key managers. No other long-term benefits were paid.

During the year, the key managers did not carry out any transactions, directly or through close family members, with the group, group companies or other related parties.

Related party transactions

The main transactions between FS Italiane S.p.A. and its related parties, which were all carried out on an arm's length basis, are described below.

| ASSETS | | LIABILITIES |
|---------------------------------------|---|---|
| Subsidiaries | | |
| Rete Ferroviaria Italiana S.p.A. | <ul style="list-style-type: none"> Services provided by the parent Company officers Staffing services Insurance reimbursements Training Recharge of IT services Recharge of public relation services Lease of land, offices and workshops Recharge of the service cost for the bilateral fund for income assistance | <ul style="list-style-type: none"> Technical party - property maintenance Staffing services Health services Funded training Leases and related costs |
| Ferservizi S.p.A. | <ul style="list-style-type: none"> Services provided by the parent Company officers Insurance reimbursements Staffing services Recharge of IT services Lease and sub-lease of offices Recharge of condominium expenses Recharge of the service cost for the bilateral fund for income assistance Services provided by the parent | <ul style="list-style-type: none"> Property management Recharge of condominium expenses for asset protection IT services Seconded personnel Ticket purchase fees Asset enhancement fees Technical administration management services Personnel management Accounting and treasury Facilities and building management Administrative services Funded training Asset allocation services Station area management Services of the manager in charge of the company's accounting documents preparation Maintenance, conservation and protection fees Catering services |
| Fercredit S.p.A. | <ul style="list-style-type: none"> Services provided by the parent Staffing services Company officers Insurance reimbursements Recharge of IT services Recharge of condominium expenses Lease and sub-lease of offices | <ul style="list-style-type: none"> Other group services |
| Grandi Stazioni Rail S.p.A. | <ul style="list-style-type: none"> Services provided by the parent Staffing services Concession fee Insurance reimbursements | <ul style="list-style-type: none"> Facilities management Fees for the use of spaces Condominium expenses Management of non-core buildings Events, exhibitions, trade fairs and meetings Sponsorships |
| FS Sistemi Urbani S.r.l. | <ul style="list-style-type: none"> Services provided by the parent Company officers Insurance reimbursements Staffing services Lease and sub-lease of offices Recharge of condominium expenses Recharge of IT services | <ul style="list-style-type: none"> Asset enhancement fees Office lease Recharge of funded training |
| Mercitalia Shunting & Terminal S.r.l. | <ul style="list-style-type: none"> Services provided by the parent Insurance reimbursements | <ul style="list-style-type: none"> Transport services |
| TX Logistik AG | <ul style="list-style-type: none"> Services provided by the parent Insurance reimbursements | |
| Trenitalia S.p.A. | <ul style="list-style-type: none"> Services provided by the parent Insurance reimbursements Staffing services Recharge of IT services Recharge of professional services External communication services Recharge of the service cost for the bilateral fund for income assistance Lease of premises, offices and land Recharge of condominium expenses | <ul style="list-style-type: none"> Staffing services and seconded personnel Passenger transport costs Costs for tickets Recharge of funded training Contribution for Free Travel Card |
| Italferr S.p.A. | <ul style="list-style-type: none"> Services provided by the parent Company officers Staffing services Recharge of training Insurance reimbursements Recharge of IT services External communication services | <ul style="list-style-type: none"> Technical administration management services Recharge of funded training Seconded personnel |
| Mercitalia Logistics S.p.A. | <ul style="list-style-type: none"> Services provided by the parent Company officers Staffing services Insurance reimbursements Recharge of IT services | <ul style="list-style-type: none"> Recharge of funded training |

Office leases
Recharge of condominium expenses

| | | |
|---|--|---|
| Busitalia Sita Nord S.r.l. | Services provided by the parent Staffing services Insurance reimbursements Recharge of IT services External communication services Office leases Recharge of condominium expenses Recharge of professional services | Seconded personnel Recharge of funded training |
| Italcertifer S.p.A. | Services provided by the parent Staffing services Insurance reimbursements Recharge of IT services Reimbursements for training | Seconded personnel Other services |
| Mercitalia Intermodal S.p.A. | Services provided by the parent Company officers Insurance reimbursements | Recharge of funded training |
| Metropark S.p.A. | Services provided by the parent Insurance reimbursements Recharge of IT services Lease and sub-lease of offices Recharge of condominium expenses | |
| Netinera Deutschland GmbH | Services provided by the parent Recharge of IT services | |
| Ataf Gestioni S.r.l. | Services provided by the parent Insurance reimbursements | |
| FSTechnology S.p.A. | Services provided by the parent Company officers Seconded personnel Insurance reimbursements Recharge of IT services Personnel services Recharge of training External communication Leases Recharge of condominium expenses | IT services Seconded personnel Facilities management Recharge of funded training |
| Terminali Italia S.r.l. | Services provided by the parent Insurance reimbursements Office leases Recharge of condominium expenses | |
| Ferrovie del Sud Est e Servizi Automobilistici FSE S.r.l. | Services provided by the parent Seconded personnel Recharge of IT services Recharge of training Sundry repayments | |
| Trenitalia France Sas | Services provided by the parent | |
| Busitalia Rail Service S.r.l. | Services provided by the parent Insurance reimbursements | |
| Busitalia Veneto S.p.A. | Services provided by the parent Insurance reimbursements | |
| Busitalia Campania S.p.A. | Services provided by the parent Insurance reimbursements | |
| Bluferries S.r.l. | Services provided by the parent Insurance reimbursements | |
| Sita S.p.A. in liquidation | Other Services | |
| Grandi Stazioni Immobiliare S.p.A. | Services provided by the parent Insurance reimbursements Building leases Recharge of condominium expenses | |
| Savit S.r.l. | Services provided by the parent Insurance reimbursements | |
| Mercitalia Rail S.r.l. (formerly FS Telco S.r.l.) | Services provided by the parent Company officers Insurance reimbursements Staffing services Repayments of professional services Lease and sub-lease of offices | Recharge of funded training |

| | | |
|--|--|--|
| | Recharge of condominium expenses External communication Leases | |
| Anas S.p.A. | Services provided by the parent Seconded managers Company officers External communication | Seconded personnel |
| Nugo S.p.A. in liquidation | Services provided by the parent Seconded personnel Company officers Insurance recharges Staffing services Leases Recharge of condominium expenses | Seconded personnel |
| Qbuzz BV | Services provided by the parent Company officers Staffing services | |
| Blu Jet S.r.l. | Services provided by the parent Insurance reimbursements | |
| Trenitalia c2c | Services provided by the parent | |
| Trenitalia UK | Services provided by the parent | |
| Trenitalia TPER Scarl | Services provided by the parent Insurance reimbursements | |
| Firenze City Sightseeing S.r.l. | Services provided by the parent | |
| Cremonesi Workshop S.r.l. | Services provided by the parent Insurance reimbursements Staffing services | |
| Tunnel Ferroviario del Brennero S.p.A. | Sundry repayments | |
| Infrarail Firenze S.r.l. | Services provided by the parent Insurance reimbursements | |
| FSI Saudi for Land Transport LLC | Services provided by the parent Staffing services Repayments of insurance premiums Repayments of travel and accommodation costs Repayments for sundry services | Leases and related costs |
| FS International S.p.A. | Services provided by the parent Company officers Staffing services Recharge of training Repayments for sundry services | Seconded personnel Riyadh metro consultancy |

Associates

| | | |
|----------------|------------------|--|
| Metro 5 S.p.A. | Company officers | |
|----------------|------------------|--|

Joint arrangements

| | | |
|--------------------------------|---|--------------|
| Operation Alliance Saudi Co | | Riyadh metro |
| TELT Sas (formerly L.T.F. Sas) | Services provided by the parent Seconded personnel | |
| Trainose SA | Services provided by the parent Seconded personnel | |
| Trenord S.r.l. | Services provided by the parent Repayments of insurance premiums Lease and sub-lease of offices and workshops Recharge of condominium expenses | |

Associates of subsidiaries

| | | |
|------------------------------|------------------|--|
| Autostrade Asti-Cuneo S.p.A. | Company officers | |
| Sitaf S.p.A. | Refunds | |

Other related parties (*)

| | | |
|---------------------------------|--|---|
| Cassa Depositi e Prestiti group | Pedestrian crossings Leases Recharge of condominium expenses | Loans and borrowings |
| ENEL group | Land easement instalments Leases Pedestrian crossings | Electrical energy supply Maintenance software Station operation |

| | | |
|--|--|--|
| ENI group | Land easement instalments Pedestrian crossings | Gas supply |
| Poste group | Operating buildings lease instalments Land lease instalments | Insurance policies Participation in costs for consortia and foundations |
| Invitalia | Pedestrian crossings | |
| Eurofer | Company officers | Grants |
| Other pension funds | | Insurance policies |
| Previndai | | Grants |
| Fondazione FS | Company officers Staffing services Provision of services Repayments of insurance premiums Leases Recharge of condominium expenses | Membership fees Events, exhibitions and trade fairs |
| Cooperatives, associations, EEIGs and partnerships | Company officers | Sponsorships Membership fees to the railway recreational association |
| IPZS | Company officers | Grants |

(*) Companies with the same parent, i.e., the MEF.

OTHER RELATED PARTIES

| TAX CONSOLIDATION SCHEME | VAT UNDER THE VAT CONSOLIDATION SCHEME | INTRAGROUP BANK AND POST OFFICE CURRENT ACCOUNTS | LOANS GRANTED | OVERDRAFTS AND LOANS RECEIVED | ISSUE OF SURETIES TO | SUPPLEMENTARY PENSION FUNDS |
|--|--|--|--|-------------------------------|--|-----------------------------|
| RFI S.p.A. | RFI S.p.A. | RFI S.p.A. | RFI S.p.A. | | RFI S.p.A. | |
| Fercredit S.p.A. | Fercredit S.p.A. | Fercredit S.p.A. | Fercredit S.p.A. | | Fercredit S.p.A. | |
| Ferservizi S.p.A. | Ferservizi S.p.A. | Ferservizi S.p.A. | | | Ferservizi S.p.A. | |
| Trenitalia S.p.A. | Trenitalia S.p.A. | Trenitalia S.p.A. | Trenitalia S.p.A. | | Trenitalia S.p.A. | |
| Italferr S.p.A. | Italferr S.p.A. | Italferr S.p.A. | Italferr S.p.A. | | Italferr S.p.A. | |
| Grandi Stazioni Rail S.p.A. | Grandi Stazioni Rail S.p.A. | Grandi Stazioni Rail S.p.A. | Grandi Stazioni Rail S.p.A. | | Grandi Stazioni Rail S.p.A. | |
| Bluferries S.r.l. | Bluferries S.r.l. | Bluferries S.r.l. | Bluferries S.r.l. | | | |
| Metropark S.p.A. | Metropark S.p.A. | Metropark S.p.A. | | | | |
| Mercitalia Logistics S.p.A. | Mercitalia Logistics S.p.A. | Mercitalia Logistics S.p.A. | Mercitalia Logistics S.p.A. | | Mercitalia Logistics S.p.A. | |
| FS Sistemi Urbani S.r.l. | FS Sistemi Urbani S.r.l. | FS Sistemi Urbani S.r.l. | | | FS Sistemi Urbani S.r.l. | |
| Mercitalia Rail S.r.l. | Mercitalia Rail S.r.l. | Mercitalia Rail S.r.l. | Mercitalia Rail S.r.l. | | Mercitalia Rail S.r.l. | |
| Italcertifer S.p.A. | | Italcertifer S.p.A. | Italcertifer S.p.A. | | Italcertifer S.p.A. | |
| Mercitalia Intermodal S.p.A. | Mercitalia Intermodal S.p.A. | | Mercitalia Intermodal S.p.A. | | Mercitalia Intermodal S.p.A. | |
| Busitalia Rail Service S.r.l. | Busitalia Rail Service S.r.l. | Busitalia Rail Service S.r.l. | Busitalia Rail Service S.r.l. | | | |
| Busitalia Veneto S.p.A. | | Busitalia Veneto S.p.A. | | | | |
| Busitalia Campania S.p.A. | | Busitalia Campania S.p.A. | Busitalia Campania S.p.A. | | | |
| Mercitalia Shunting & Terminal | Mercitalia Shunting & Terminal | Mercitalia Shunting & Terminal | | | Mercitalia Shunting & Terminal | |
| Terminali Italia S.r.l. | Terminali Italia S.r.l. | Terminali Italia S.r.l. | Terminali Italia S.r.l. | | Terminali Italia S.r.l. | |
| Tunnel Ferroviario del Brennero S.p.A. | | | | | | |
| Busitalia Sita Nord S.r.l. | Busitalia Sita Nord S.r.l. | Busitalia Sita Nord S.r.l. | Busitalia Sita Nord S.r.l. TX Logistik AG | | Busitalia Sita Nord S.r.l. TX Logistik AG Netinera Deutschland GmbH | |
| TAV S.r.l. | | Grandi Stazioni Immobiliare S.p.A. | Grandi Stazioni Immobiliare S.p.A. Trenitalia France Sas Trenitalia c2c Trenitalia UK | | Trenitalia France Sas Trenitalia c2c Trenitalia UK | |
| | | Ferrovie Sud Est S.r.l. | Ferrovie Sud Est S.r.l. | | Ferrovie Sud Est S.r.l. | |
| | | Qbuzz BV | Qbuzz BV | | Qbuzz BV | |
| | | | Savit S.r.l. | | | |
| Nugo S.p.A. in liquidation | | Nugo S.p.A. in liquidation | | | | |
| | | ATAF Gestioni | | | | |
| FSTechnology S.p.A. | FSTechnology S.p.A. | FSTechnology S.p.A. FS International S.p.A. | FSTechnology S.p.A. | | FSTechnology S.p.A. | |
| | | Trenitalia TPER Scarl | Trenitalia TPER Scarl Firenze City Sightseeing S.r.l. FSI Saudi for Land Transport LLC Cremonesi Workshop S.r.l. | | TELT Sas Trenitalia TPER Scarl | |
| | | | | | Cremonesi Workshop S.r.l. Terminal Alptransit S.r.l. | |

Operation Alliance
Saudi Co

Mercitalia
Maintenance S.r.l.
Metro5 S.p.A.
Trainose SA

**Other related
parties**

Eurofer
Previndai

The tables below summarise statement of financial position amounts at 31 December 2021 and the income statement figures for the year then ended.

Trade and other transactions

(€'000)

| | 2021 | | | 2021 | |
|---|----------------|----------------|----------------------------|----------------|---------------|
| | Assets | Liabilities | Guarantees and commitments | Costs | Revenue |
| Subsidiaries | | | | | |
| Anas S.p.A. | 3,655 | 88 | | (493) | 1,891 |
| Autostrada Asti-Cuneo S.p.A. | | | | | 10 |
| Ataf Gestioni S.r.l. | 39 | | | (6) | 87 |
| Bluferries S.r.l. | 303 | | | (1) | 1 |
| Busitalia Campania S.p.A. | 101 | | | (3) | 29 |
| Busitalia Rail Service S.r.l. | 1,139 | 7 | | 2 | 4 |
| Busitalia Veneto S.p.A. | 75 | 8 | | (14) | 48 |
| Busitalia - Sita Nord S.r.l. | 2,566 | 3,120 | 42,425 | (456) | 1,452 |
| Cisalpino AG | | | | | (145) |
| Cremonesi Workshop S.r.l. | 19 | | 188 | | 5 |
| Fercredit S.p.A. | 366 | 219 | 763 | (452) | 415 |
| Ferservizi S.p.A. | 4,780 | 16,256 | 3,692 | 25,146 | 4,025 |
| FSE S.r.l. Infrastruttura | 2,550 | | 81,281 | (952) | 1,023 |
| FSE S.r.l. Trasporto Ferro | 2 | | | (140) | |
| FS International S.p.A. | 1,613 | 1,563 | | 1,354 | 203 |
| FS Saudi for Land Transport LLC | 175 | | | (806) | 1 |
| FSTechnology S.p.A. | 2,489 | 7,343 | 45,137 | 47,083 | 2,356 |
| FS Sistemi Urbani S.r.l. | 873 | 3,642 | 5 | 5,685 | 773 |
| Grandi Stazioni Immobiliare S.p.A. | 19 | | | | 14 |
| Grandi Stazioni Rail S.p.A. | 6,241 | 6,732 | 7,698 | 17,451 | 7,388 |
| Italcertifer S.p.A. | 188 | 40 | 3,605 | (106) | 112 |
| Italferr S.p.A. | 8,511 | 4,029 | 5,145 | 114 | 1,300 |
| Infrarail Firenze S.r.l. | 2 | | | | 2 |
| Mercitalia Intermodal S.p.A. | 82 | 582 | 137 | 12 | 2 |
| Mercitalia Logistics S.p.A. | 10,934 | 466 | 17,776 | 229 | 3,061 |
| Mercitalia Rail S.r.l. (formerly FS Telco S.r.l.) | 12,137 | 198 | 13,102 | 59 | 1,418 |
| Mercitalia Shunting & Terminal S.r.l. | 3,595 | | 10,382 | (25) | 61 |
| Metropark S.p.A. | 443 | 184 | | 12 | 222 |
| Netinera Deutschland GmbH | 749 | | 35,000 | 159 | 90 |
| Nugo S.p.A. in liquidation | 1,670 | | | (50) | 160 |
| Qbuzz BV | 178 | 4 | 25,021 | (26) | 166 |
| Rete Ferroviaria Italiana S.p.A. | 25,834 | 38,186 | 643,603 | (3,118) | 26,334 |
| Savit S.r.l. | 2 | | | | 1 |
| Sita S.p.A. in liquidation | 6,755 | | | | (5) |
| Terminali Italia S.r.l. | 237 | 69 | 515 | (38) | 40 |
| Terminal Alptransit S.r.l. | 6 | | 3,088 | | 5 |
| Trenitalia France Sas | 169 | | 16,263 | | 59 |
| Trainose SA | 97 | 67 | | 50 | 21 |
| Trenitalia S.p.A. | 60,680 | 7,016 | 478,486 | (5,058) | 36,614 |
| Trenitalia c2c | 1,218 | | 20,413 | | 47 |
| Trenitalia UK Ltd | 1,290 | | 150,323 | | 514 |
| Tunnel Ferroviario del Brennero S.p.A. | | 133 | | (1) | |
| TX Logistik AG | 58 | | 1,550 | (2) | 93 |
| Total | 161,839 | 89,952 | 1,605,598 | 85,609 | 89,897 |
| Associates | | | | | |
| Ferrovie Nord Milano S.p.A. | 1,410 | | | | |
| Metro 5 S.p.A. | 10 | | | | 20 |
| Total | 1,420 | | | | 20 |
| Joint arrangements | | | | | |
| Operation Alliance Saudi Co | 8,504 | 12,418 | | 21,184 | |
| T.E.L.T. Sas (formerly L.T.F. Sas) | 276 | | 6,935 | (1,349) | 70 |
| Trenitalia TPER Scarl | 75 | | 4,193 | (29) | 21 |
| Trenord S.r.l. | 339 | | | (10) | 483 |
| Total | 9,193 | 12,418 | 11,128 | 19,796 | 574 |
| Associates of subsidiaries | | | | | |
| First Trenitalia West Coast Rail Limited | 34 | | | | |
| Logistica SA | 46 | | | | |
| Sitaf S.p.A. | | | | (4) | |
| Total | 80 | | | (4) | |
| TOTAL | 172,532 | 102,370 | 1,616,726 | 105,401 | 90,491 |
| Other related parties | | | | | |
| Cassa Depositi e Prestiti group | 272 | 4 | | | 65 |
| ENEL group | 73 | 1,873 | | 7,336 | 13 |
| ENI group | 11 | 140 | | 54 | 13 |
| INVITALIA group | | 4 | | | |

| | | | | |
|--|--------------|--------------|---------------|--------------|
| POSTE group | 12 | 9 | 682 | 1 |
| IPZS | | | | 2 |
| Eurofer | 11 | 150 | 158 | 11 |
| Other pension funds | | 49 | 1,134 | |
| Cooperatives, associations, EEIGs and partnerships | 37 | | 32 | |
| Fondazione FS | 1,673 | 496 | 6,374 | 900 |
| Previndai | | 696 | 1,028 | |
| Total | 2,089 | 3,421 | 16,798 | 1,005 |

Financial transactions

| | 2021 | | 2021 | | |
|--|-----------------------------|----------------|----------------------------|---------------|----------------|
| | Assets and current accounts | Liabilities | Guarantees and commitments | Expense | Income |
| Subsidiaries | | | | | |
| Ataf Gestioni S.r.l. | | 18,553 | | 1 | |
| Blufferies S.r.l. | 10,000 | 163 | | | 26 |
| Busitalia Campania S.p.A. | 5,000 | 1,569 | | 4 | 54 |
| Busitalia - Sita Nord S.r.l. | 46,533 | 9,939 | | (21) | 1,023 |
| Busitalia Rail Service S.r.l. | 3,010 | 738 | | | 40 |
| Busitalia Veneto S.p.A. | | 3,030 | | 1 | |
| Cremonesi Workshop S.r.l. | 301 | | | | 1 |
| Fercredit S.p.A. | 56 | 643 | | | 7,002 |
| Ferservizi S.p.A. | | 25,743 | | 5 | 28,500 |
| Firenze City Sightseeing S.r.l. | 283 | | | | 4 |
| FSE S.r.l. Infrastruttura | | 52,808 | | 2 | 1,023 |
| FSE S.r.l. Trasporto Ferro | 70,970 | | | (16) | 2,740 |
| FS International S.p.A. | | 66 | | 6,830 | |
| FSTechnology S.p.A. | 34,999 | 72,045 | | 4 | 669 |
| FS Saudi for Land Transport LLC | | | | 14 | 1 |
| FS Sistemi Urbani S.r.l. | | 53,964 | | 6 | |
| Grandi Stazioni Immobiliare S.p.A. | 14,108 | 538 | | 3 | 245 |
| Grandi Stazioni Rail S.p.A. | 41,018 | 16,290 | | | 403 |
| Italcertifer S.p.A. | | 2,287 | | | |
| Italferr S.p.A. | 10,501 | 13,739 | 20,000 | 1 | 23,001 |
| Metropark S.p.A. | | 1,997 | | | |
| Mercitalia Logistics S.p.A. | 139,078 | 2,020 | | (6) | 2,981 |
| Mercitalia Rail S.r.l. (formerly FS Telco) | 286,694 | 16,979 | 9,506 | (18) | 6,200 |
| Mercitalia Shunting & Terminal S.r.l. | 8,706 | 229 | | 4 | 110 |
| Mercitalia Intermodal S.p.A. | 35,128 | | | | 532 |
| Mercitalia Maintenance S.r.l. | 152 | | | | 2 |
| Netinera Deutschland GmbH | | | 143,979 | | 560 |
| Nugo S.p.A. in liquidation | | 5,022 | | 9,751 | |
| Qbuzz BV | 272,629 | 25,082 | 10,702 | 8 | 4,923 |
| Rete Ferroviaria Italiana S.p.A. | 1,881,892 | 149,614 | | (240) | 36,986 |
| Savit S.r.l. | 1,505 | | | | 19 |
| Sita S.p.A. in liquidation | | | | | 6,325 |
| Trenitalia France Sas | 20,001 | | | 14 | 79 |
| Terminali Italia S.r.l. | | 3 | | | |
| Trainose SA | 36,178 | | | 6 | 366 |
| Trenitalia S.p.A. | 7,431,673 | 128,554 | 25,832 | 4,116 | 57,811 |
| Trenitalia c2c | | 36 | | (109) | 1,911 |
| Trenitalia UK Ltd | 91,279 | | | 3 | 1,706 |
| TX Logistik AG | 66,132 | | | 16 | 1,351 |
| TOTAL | 10,507,826 | 601,653 | 210,019 | 20,379 | 186,594 |
| Associates | | | | | |
| Metro 5 S.p.A. | 18,884 | | | (4) | 1,184 |
| Total | 18,884 | | | (4) | 1,184 |
| Joint arrangements | | | | | |
| Operation Alliance Saudi Co | | | 32,009 | | 220 |
| Trenitalia TPER Scarl | 28,005 | 32,054 | | 1 | 134 |
| Total | 28,005 | 32,054 | 32,009 | 1 | 354 |
| TOTAL | 10,554,715 | 633,706 | 242,028 | 20,376 | 188,132 |
| Other related parties | | | | | |
| Cassa Depositi e Prestiti group | | | | 2,940 | |
| TOTAL | | | | 2,940 | |

41. Guarantees

The table below details the guarantees issued by the company on behalf of subsidiaries, third parties or other subsidiaries, broken down by financial and non-financial.

| | (€'000) | |
|---|----------------|------------------|
| Issued on behalf of | Financial | Non-financial |
| Rete Ferroviaria Italiana S.p.A. | | 643,603 |
| Trenitalia S.p.A. | 25,832 | 478,486 |
| Trenitalia TPER Scarl | | 4,193 |
| Netinera Deutschland GmbH | 143,979 | 35,000 |
| Busitalia - Sita Nord S.r.l. | | 42,425 |
| Cremonesi Workshop S.r.l. | | 188 |
| Grandi Stazioni Rail S.p.A. | | 7,698 |
| FS Sistemi Urbani S.r.l. | | 5 |
| FS Technology S.p.A. | | 45,137 |
| FSE S.r.l. Infrastruttura | | 81,281 |
| Italferr S.p.A. | 20,000 | 5,145 |
| Ferservizi S.p.A. | | 3,692 |
| Mercitalia Logistics S.p.A. | | 17,776 |
| TX Logistik AG | | 1,550 |
| Italcertifer S.p.A. | | 3,605 |
| Trenitalia France Sas | | 16,263 |
| Mercitalia Rail S.r.l. | 9,506 | 13,102 |
| Mercitalia Shunting & Terminal (formerly Serfer) S.r.l. | | 10,382 |
| Mercitalia Intermodal S.p.A. | | 137 |
| Trenitalia c2c | | 20,413 |
| Trenitalia UK Ltd | | 150,323 |
| Terminal Alptransit S.r.l. | | 3,088 |
| Qbuzz BV | 10,702 | 25,021 |
| Fercredit S.p.A. | | 763 |
| Terminali Italia S.r.l. | | 515 |
| TELT Sas | | 6,935 |
| Operation Alliance Saudi Co | 32,009 | |
| Total | 242,028 | 1,616,726 |

Financial guarantees are mainly comprised of guarantees and counter-guarantees issued to banks for loans. Non-financial guarantees are comprised of bid bonds, performance bonds, commercial guarantees and commitments in favour of the tax authorities.

The main non-financial parent guarantees were issued to the tax authorities (€747,287 thousand) to guarantee reimbursements of tax credits to the following subsidiaries: RFI S.p.A., Trenitalia S.p.A., Mercitalia Logistics S.p.A, Mercitalia Intermodal S.p.A., Ferservizi S.p.A., Grandi Stazioni Rail S.p.A., Italferr S.p.A., FS Sistemi Urbani S.r.l., FS Technology S.p.A., Fercredit S.p.A., Trenitalia France Sas, TELT, Ferrovie del Sud Est e Servizi Automobilistici S.r.l..

The non-financial parent guarantees include one to GSE guaranteeing the service contract for energy supply signed with RFI S.p.A. (€150,000 thousand) and the guarantees issued to Terna for the contracts signed by Rete Ferroviaria Italiana S.p.A. for the electrical energy dispatching service for withdrawal points which power rail traction and for other uses (guarantees of €22,400 thousand and €1,800 thousand, respectively).

The financial guarantee issued to banks for the loan granted is as follows:

- from Unicredit S.p.A. to Mercitalia Rail S.r.l. (guarantee of €6,458 thousand).

Furthermore, a strong comfort letter (€420,000 thousand) was issued for the 2004 loan from OPI (now Intesa Sanpaolo) granted to Trenitalia S.p.A..

The guarantees relating to projects abroad were issued mainly on behalf of Trenitalia c2c Ltd (for an amount corresponding to €20,413 thousand), Trenitalia UK Ltd (for an amount corresponding to €150,323 thousand) and Italferr S.p.A. (for an amount corresponding to €4,360 thousand).

The parent guarantees issued on behalf of Netinera Deutschland GmbH amount to €178,979 thousand.

Guarantees issued on behalf of the parent for projects abroad include a bank counter-guarantee of SAR189,318 thousand (€43,543 thousand) relating to the performance bond issued in favour of the Royal Commission for Riyadh City (RCRC).

42. Information pursuant to Law no. 124/2017

Law no. 124 of 4 August 2017 on the market and competition introduced, inter alia, new reporting requirements on public funds for subsidiaries controlled directly or indirectly by the state. Specifically, article 1.125-129 provides for the inclusion of some information about the "funds disbursed" and "received from" the specific parties identified in the same articles.

The table below summarises the information required by the above law for 2021 about the funds disbursed:

| | Amount |
|---|---------------|
| CONFINDUSTRIA ASSOCIATIONS | |
| AGENS-AGENZIA CONFEDERALE DEI TRASPORTI E SERVIZI | 678,096 |
| UNINDUSTRIA | 315,274 |
| ASSOLOMBARDACONFINDUSTRIA MILANO MONZA E BRIANZA | 240,282 |
| ASSONIME | 209,210 |
| CONFINDUSTRIA EMILIA REGION - CENTRAL AREA (Bologna - Ferrara - Modena) | 147,861 |
| UNIONE INDUSTRIALE - TURIN | 139,167 |
| ASSOCIAZIONE DEGLI INDUSTRIALI DELLA PROVINCIA DI FIRENZE | 124,047 |
| UNIONE INDUSTRIALI - NAPLES | 124,047 |
| CONFINDUSTRIA - SICILY | 119,700 |
| UNINDUSTRIA CALABRIA - UNIONE INDUSTRIALI - CATANZARO COSENZA CROTONE REGGIO CALABRIA | 102,312 |
| CONFINDUSTRIA - VERONA | 89,775 |
| CONFINDUSTRIA - VENICE AREA AND ROVIGO | 81,459 |
| ASSOCIAZIONE INDUSTRIALI - GENOA | 80,955 |
| ASSOCIAZIONE DEGLI INDUSTRIALI - BARI | 58,149 |
| CONFINDUSTRIA - ANCONA | 54,621 |
| FEDERTURISMO | 50,000 |
| CONFINDUSTRIA - UMBRIA | 44,856 |
| UNIONE INDUSTRIALI - ALESSANDRIA | 44,226 |
| CONFINDUSTRIA - NOVARA VERCELLI | 43,029 |
| CONFINDUSTRIA - FOGGIA | 41,769 |
| CONFINDUSTRIA - HIGH ADRIATIC AREA | 40,131 |
| CONFINDUSTRIA - ROME | 37,500 |
| ASSOCIAZIONE INDUSTRIALI - AREZZO, GROSSETO AND SIENA | 30,114 |
| FONDAZIONE NUOVO MILLENNIO SCUOLA POLITICA VIVIERE NELLA COMUNITA' | 30,000 |
| CONFINDUSTRIA - ROMAGNA AREA (Forlì, Cesena, Ravenna and Rimini) | 29,358 |
| CONFINDUSTRIA - LIVORNO AND MASSA CARRARA | 29,232 |
| CONFINDUSTRIA - UDINE | 27,720 |
| ASSOCIAZIONE INDUSTRIALI - CAGLIARI | 26,712 |
| ASSOCIAZIONE INDUSTRIALI - CATANIA | 25,137 |
| ASSINDUSTRIA - CENTRAL VENETO REGION | 24,822 |
| UNIONE INDUSTRIALI - PISA | 23,814 |

| | |
|---|---------|
| UNIONE INDUSTRIALI - SAVONA | 21,798 |
| CONSUMERS' FORUM | 21,000 |
| CONFINDUSTRIA - CUNEO UNIONE INDUSTRIALE DELLA PROVINCIA | 18,459 |
| CONFINDUSTRIA - LA SPEZIA | 17,892 |
| ASSOCIAZIONE INDUSTRIALI - BOLZANO | 16,191 |
| ASSOCIAZIONE INDUSTRIALI - SALERNO | 16,191 |
| CONFINDUSTRIA - VICENZA | 15,939 |
| COUNCIL FOR RELATIONS BETWEEN ITALY AND THE UNITED STATES | 15,000 |
| ASSOCIAZIONE INDUSTRIALE - TARANTO | 14,175 |
| CONFINDUSTRIA - CHIETI PESCARA | 13,482 |
| CONFINDUSTRIA - CASERTA | 13,167 |
| CONFINDUSTRIA - L'AQUILA | 13,104 |
| ASSOCIAZIONE INDUSTRIALI - CREMONA | 10,899 |
| CONFINDUSTRIA - BENEVENTO | 10,836 |
| ALEF ARTE LAVORO E SERVIZI | 10,000 |
| ASSOCIAZIONE AMICI DELL'ACCADEMIA DEI LINCEI | 10,000 |
| CONFINDUSTRIA - BASILICATA | 9,072 |
| AGICI FINANZA D'IMPRESA S.r.l. "ALLEANZA PER L'ECONOMIA CIRCOLARE" | 9,000 |
| ASSOCIAZIONE INDUSTRIALE BRESCIANA | 8,946 |
| CONFINDUSTRIA - IMPERIA | 8,946 |
| FONDAZIONE GLOBAL COMPACT NETWORK | 8,500 |
| UNIONE DEGLI INDUSTRIALI - VARESE | 8,442 |
| CONFINDUSTRIA - TUSCANY NORTH | 8,253 |
| ASSOCIAZIONE INDUSTRIALI - PIACENZA | 7,497 |
| UNIONE INDUSTRIALE - ASTI | 7,245 |
| CONFINDUSTRIA - CENTRE NORTH SARDINIA | 7,182 |
| ASSOCIAZIONE INDUSTRIALI - TRENTO | 6,993 |
| UNIONE PARMENSE DEGLI INDUSTRIALI | 6,237 |
| ASSOCIATIONS INDUSTRIALI - MOLISE | 6,174 |
| ASSOCIAZIONE INDUSTRIALI - LECCE | 5,859 |
| CONFINDUSTRIA - LECCO AND SONDRIO | 5,796 |
| CONFINDUSTRIA - SIRACUSA ASSOCIAZIONE DEGLI INDUSTRIALI DELLA PROVINCIA | 5,166 |
| FONDAZIONE ANIMA PER IL SOCIALE | 5,000 |
| ASSOCIAZIONE ROMA STARTUP | 5,000 |
| INTERNATIONAL ASSOCIATIONS | |
| UIC - UNION INTERNATIONALE DES CHEMIS DE FER | 347,071 |
| COMMUNITY OF EUROPEAN RAILWAYS | 263,449 |
| UNION INTERNATIONALE DES TRANSPORTS PUBLICS | 82,584 |
| CONSEIL DE COOPERATION ECONOMIQUE | 25,000 |
| THE TRILATERAL COMMISSION | 20,000 |
| ICMA – INTERNATIONAL CAPITAL MARKET ASSOCIATION | 19,825 |
| TRACE INTERNATIONAL, INC | 14,866 |
| GLOBAL REPORTING INITIATIVE | 14,000 |

| | |
|---|-------------------|
| BSR-BUSINESS FOR SOCIAL RESPONSABILITY | 12,000 |
| CDP WORLDWIDE (EUROPE) GG | 6,000 |
| OTHER ASSOCIATIONS | |
| FONDAZIONE FS ITALIANE | 6,672,000 |
| ITALIACAMP S.r.l. | 300,000 |
| ACCADEMIA NAZIONALE SANTA CECILIA | 160,000 |
| FONDAZIONE RICERCA & IMPRENDITORIALITA' | 50,000 |
| ASPEN INSTITUTE ITALIA | 35,000 |
| I.G.I. - ISTITUTO GRANDI INFRASTRUTTURE | 30,000 |
| ISTITUTO PER GLI STUDI DI POLITICA INTERNAZIONALE | 25,000 |
| ASSOCIAZIONE CIVITA | 22,000 |
| OIV | 20,000 |
| FONDAZIONE PER LO SVILUPPO SOSTENIBILE | 15,000 |
| VALORE D | 15,000 |
| KYOTO CLUB | 10,000 |
| AIICP - ITALY-INDIA ASSOCIATION | 10,000 |
| UPA - UTENTI PUBBLICITA' | 9,244 |
| S.I.PO.TRA.SOCIETÀ ITALIA | 5,000 |
| TRANSPARENCY INTERNATIONAL ITALIA | 5,000 |
| Total | 11,668,855 |

The table below summarises the information required by the above law for 2021 about the funds received:

| Provider | | Amount |
|------------------|--------------|---------------|
| MIMS to TELT Sas | Chapter 7532 | 153,576,725 |

43. Events after the reporting date

Lease of a business unit relating to the property of FS Italiane S.p.A. to FS Sistemi Urbani S.p.A.

On 13 January 2022, the Board of Directors of FS Italiane S.p.A. approved the lease of a business unit, consisting of the property of FS Italiane S.p.A. and all related contract assets and liabilities and employees, to FS Sistemi Urbani S.p.A..

This transaction also facilitates the completion of the prerequisites for the subsequent completion (once the necessary technical conditions are met) of the reallocation of FS Italiane S.p.A.'s property within the group.

The lease of the business unit to FS Sistemi Urbani S.p.A. is preliminary to the path outlined in the business plan in respect of the property segment, which focuses on concentrating the operational management of the properties of FS Italiane S.p.A. with FS Sistemi Urbani S.p.A., with the parent embracing its natural role of strategic coordination and governance in the property sector.

Renewal of the national labour agreement for the mobility/railway sector and FS Italiane group employment contract

On 22 March, an agreement was reached with the Filt, Fit, Uilt, Ugl, Fast and Orsa trade unions on the renewal of the national labour agreement for the mobility/railway sector and FS Italiane group employment contract dated 16 December 2016 which had expired on 31 December 2017.

The agreement was reached after much discussion, without prejudice to the agreements dated 18 February 2021, and took into account the effects produced by the public health emergency in the railway sector and the current international situation and the related consequences for businesses and workers. In this respect, the parties committed to defining, within the term of the current agreements, a renewed system of contractual rules for the 2024-2026 three-year period to support the challenges of the group's forthcoming business plan.

The main provisions of the national labour agreement for the mobility/railway sector and FS Italiane group employment contract labour agreement include an average salary increase of €110 and a one-off payment of €500 (for 2021). Furthermore, an important milestone was reached with respect to welfare, with the creation of an observatory for the development of company welfare and work-life balance initiatives, which will become a forum for monitoring, consultation, discussion and proposals on welfare-related issues. In addition to this, the employer's contribution for members of the Eurofer fund was increased by 1% and the contribution made available by the group for each employee to improve the supplementary healthcare service was also increased.

Cyber attack on the group's corporate network

On 23 March 2022, the FS Italiane group was hit by a ransomware cyber attack, making the company network unavailable. The relevant cyber security and information systems units acted promptly and the disruptions were due to the activities carried out to contain and control the event.

All the units involved carried out security analyses and checks of the entire system, resulting in a gradual and controlled return to the full functionality of the corporate network.

The administrative and accounting systems supporting the financial statements department were not affected, thereby ensuring the correctness, completeness and truthfulness of the data submitted for approval.

Proposed allocation of the profit for the year of FS Italiane S.p.A.

Since the legal reserve has not yet reached the minimum provided for by article 2430 of the Italian Civil Code, we propose allocating the profit for the year as follows:

- 5%, equal to €6,849.64, to the legal reserve;
- and carrying forward the remaining €130,143.23.

Rome, 30 March 2022

The board of directors

The Chairwoman

The CEO

Certification of the Chief Executive Officer and the Manager in charge of the company's accounting documents preparation of the separate financial statements of Ferrovie dello Stato Italiane SpA at 31 December 2021 pursuant to article 154-bis, paragraph 5, of Legislative Decree no. 58/1998

1. The undersigned Luigi Ferraris and Roberto Mannozi, respectively as Chief Executive Officer and Manager in charge of the company's accounting documents preparation of Ferrovie dello Stato Italiane S.p.A., also considering the provisions of the article 154-bis paragraphs 3 and 4 of Legislative decree no. 58 of 24 February 1998, certify:

- the adequacy with regard to the characteristics of Ferrovie dello Stato Italiane SpA and
- the effective application

of the administrative and accounting procedures in preparing the separate financial statements at 31 December 2021.

2. In this regard, we report that:

- a. the evaluation of the adequacy and effective application of the administrative and accounting procedures used to prepare the separate financial statements of Ferrovie dello Stato Italiane SpA was based on internal control model, consistent with the *"Internal Controls – Integrated Framework"* issued by the *"Committee of Sponsoring Organizations of the Treadway Commission"* which represents an internationally-accepted framework for the internal control system;
- b. this evaluation did not identify any significant issues.

3. In addition, we certify that:

3.1. the separate financial statements of Ferrovie dello Stato Italiane SpA:

- a. have been prepared according to the International Financial Reporting Standards endorsed by the European Community pursuant to regulation (CE) 1606/2002 of European Parliament and Council of 19 July 2002;
- b. correspond to the entries in the books and accounting records of the company;
- c. provide a true and fair view of the financial position and results of operations of Ferrovie dello Stato Italiane SpA.

3.2. the directors' report includes a reliable analysis of the financial position, performance and results of operations of Ferrovie dello Stato Italiane SpA, together with a description of the main risks and uncertainties to which it is exposed.

March 30, 2022

Luigi Ferraris

Chief Executive Officer

Firmato digitalmente da

Luigi Ferraris

O = FERROVIE DELLO STATO ITALIANE SPA
T = AMMINISTRATORE DELEGATO
SerialNumber = TINIT-FRRLGU62B23E514H
C = IT
Data e ora della firma: 30/03/2022 09:46:36

Ferrovie dello Stato Italiane S.p.A. – Società con socio unico
Sede legale: Piazza della Croce Rossa, 1 - 00161 Roma
Cap. Soc. Euro 39.204.173.802,00
Iscritta al Registro delle Imprese di Roma
Cod. Fisc. e P. Iva 06359501001 – R.E.A. 962805

Roberto Mannozi

Manager in charge of the company's
accounting documents preparation

Firmato digitalmente da
Roberto Mannozi

CN = Mannozi Roberto
O = Ferrovie dello Stato Italiane SPA
C = IT



KPMG S.p.A.
Revisione e organizzazione contabile
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the sole shareholder of
Ferrovie dello Stato Italiane S.p.A.*

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Ferrovie dello Stato Italiane S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2021, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Ferrovie dello Stato Italiane S.p.A. as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the separate financial statements" section of our report. We are independent of the Company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the carrying amount of investments in subsidiaries

Notes to the separate financial statements: note 3 "Accounting policies" and note 21 "Equity investments"

| Key audit matter | Audit procedures addressing the key audit matter |
|--|--|
| <p>The separate financial statements at 31 December 2021 include investments in subsidiaries of €37,891,715 thousand recognised at acquisition or incorporation cost.</p> <p>At each reporting date, the Directors check whether there is evidence that these equity investments may be impaired. If indicators of impairment are identified, the Directors check the recoverable amount of the equity investments by comparing their carrying amount to their value in use, calculated using appropriate valuation methods under the circumstances. Based on their analyses, the directors identified indicators of impairment in certain investments in subsidiaries and recognised impairment losses totalling €16,580 thousand.</p> <p>The Directors tested the investment in Anas S.p.A. of €2,863,741 for impairment taking into account the changes, including to the law, affecting Anas S.p.A.'s concession assets and introduced in 2021. They did not identify any impairment loss. In note 21 "Equity investments", the Directors explain that, should the developments resulting from the ongoing discussions with supranational institutions lead to considerations and results that differ from expectations, the carrying amount of the equity investment will be decreased based on the cash flows indicated by the economic and financial plan, revised accordingly.</p> <p>For the above reasons, we believe that the recoverability of the carrying amount of investments in subsidiaries is a key audit matter.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none">— understanding the process adopted to measure equity investments in subsidiaries and to identify any related indicators of impairment;— checking, also involving our own valuation specialists, the analyses made by the Directors and the reasonableness of the conclusions reached, including in the light of available information and the knowledge acquired through our audit of the separate and consolidated financial statements;— assessing the appropriateness of the disclosures provided in the notes about the measurement of investments in subsidiaries. |



Responsibilities of the Company's Directors and Board of Statutory Auditors ("Collegio Sindacale") for the separate financial statements

The Directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the Directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;



- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 4 November 2014, the Company's Shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2014 to 31 December 2022.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The Company's Directors are responsible for the preparation of a Directors' report and a report on corporate governance and ownership structure at 31 December 2021 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the Directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the Company's separate financial statements at 31 December 2021 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the Directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the Company's separate financial statements at 31 December 2021 and have been prepared in compliance with the applicable law.



Ferrovie dello Stato Italiane S.p.A.
Independent auditors' report
31 December 2021

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 14 April 2022

KPMG S.p.A.

(signed on the original)

Gabriele de Gennaro
Director of Audit



**(Translation from the Italian original which
remains the definitive version)**

The board of statutory auditors

**REPORT OF THE BOARD OF STATUTORY
AUDITORS ON THE 2021 ANNUAL REPORT
SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2021**

**CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021
OF FERROVIE DELLO STATO ITALIANE S.p.A. –
SINGLE-MEMBER COMPANY
PURSUANT TO ARTICLE 2429.2 OF THE ITALIAN CIVIL CODE**

To the sole shareholder of Ferrovie dello Stato Italiane S.p.A.

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2021
Dear Shareholder,

The current composition of the board of statutory auditors, appointed for three years and, in any case, until the shareholder's meeting called to approve the 2021 financial statements, is the result of the shareholder's resolution passed on 3 July 2019 appointing the following statutory auditors: Alessandra dal Venne, chairwoman, Susanna Masi and Gianpaolo Davide Rossetti, standing statutory auditors, Letteria Dinaro and Salvatore Lentini, alternate statutory auditors.

Along with the parent's other corporate officers, the statutory auditors systematically check that the corporate governance principles are applied and they also oversee compliance with the law, the by-laws and the principles of sound administration, particularly with respect to the adequacy of the organisational, administrative and accounting system adopted by FS Italiane S.p.A. and that it is effectively working.



When FS Italiane S.p.A. was attributed the public interest entity status, pursuant to article 19 of Legislative decree no. 39/2010, the parent's board of statutory auditors also became the "Internal Control and Audit Committee", with responsibility for monitoring financial reporting, the efficacy of the internal control, internal audit and risk management systems, the statutory audit and the independence of the independent auditors, particularly with respect to the type of any non-audit services they provide to the audited company.

During their meeting held on 26 May 2021, the shareholders appointed the board of directors for the three-year period 2021-2023, comprising: Nicoletta Giadrossi (chairwoman), Luigi Ferraris (recommended for the position of CEO), Pietro Bracco, Stefano Cuzzilla, Alessandra Bucci and Riccardo Barbieri Hermitte. Then, to complete the board of directors - since the number of members was determined to be seven - Paola Gina Maria Schwizer, was appointed as resolved during the meeting on 6 August 2021.

In its meeting of 3 June 2021, the board of directors appointed Luigi Ferraris as CEO and confirmed the governance structure adopted by the company in previous terms of office.

As part of the group's preparation of the 2022-2031 business plan, FS Italiane S.p.A. and the group's governance was radically reviewed. In 2022, this review and revision will lead to formal meetings to redefine the by-laws with the consequent Shareholders' resolutions, rewriting the rules that the parent and its subsidiaries will use to drive and manage their businesses within a structure in which the group operates mainly through four business areas devoted to infrastructure management, passenger transport, logistics and real estate assets.

Specifically, the 2022-2031 business plan will strengthen FS Italiane S.p.A.'s role of strategic guidance, control, steering and coordination of the group's processes, with a view to fully supporting the implementation of its strategic vision.

The draft separate financial statements of Ferrovie dello Stato Italiane S.p.A. - single-member company, as at and for the year ended 31 December 2021, which have been submitted for your examination, were approved by the board of directors in its meeting of 30 March 2022.

During the year, we carried out the supervisory duties required by the law, considering the code of conduct recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

With respect to the activities we performed, the following should be noted.



We acquired information on the general performance and outlook, in particular on the impact of the Covid-19 pandemic, which is still unfolding, and the geopolitical turmoil due to the diplomatic and military crisis between the Russian Federation and Ukraine. These two factors could lead to widely disparate potential future scenarios with many different effects, including on the most significant transactions in terms of size or characteristics, carried out by the company and its subsidiaries. Based on the information acquired, we have nothing to report in this respect.

On 23 March 2022, the FS Italiane group was hit by a ransomware cyber attack, making the company network unavailable. The relevant cyber security and information systems units acted promptly and the disruptions were due to the activities carried out to contain and control the event. All the units involved carried out security analyses and checks of the entire system, resulting in a gradual and controlled return to the full functionality of the corporate network. The administrative and accounting systems supporting the preparation of the financial statements were not affected, thereby ensuring the correctness, completeness and truthfulness of the data submitted for approval.

To the best of our knowledge, the transactions carried out complied with the law and the by-laws and were not potentially in conflict with the shareholder's resolutions or such that would jeopardise the integrity of the company's assets.

Neither during the year nor after the reporting date did we identify any atypical and/or unusual transactions with third and/or related parties. The ordinary transactions carried out on an arm's length basis with group companies and other related parties, which are described in the documents accompanying the separate and consolidated financial statements, reflect, and are in line with, the company's interests.

The independent auditors, KPMG S.p.A., issued their report on FS Italiane S.p.A.'s separate financial statements at 31 December 2021, as per article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014, expressing an unqualified opinion on their compliance with the IFRS endorsed by the European Union and on the fact that the financial statements give a true and fair view of the company's financial position, financial performance and cash flows. In the same report, the independent auditors state that the directors' report and some specific information on corporate governance and the ownership structure, required by article 123-bis.4 of Legislative decree no. 58/98, are consistent with the separate financial statements of FS Italiane S.p.A. at 31 December 2021 and have been prepared in compliance with the applicable law.



With respect to the supervisory activities concerning the independence of the auditors entrusted with the statutory audit, in our role as Internal control and audit committee, we note that, in the additional communication provided pursuant to article 11 of Regulation (EU) no. 537/2014, KPMG S.p.A. confirmed its independence under article 6.2.a) of the same Regulation.

We monitored the independence of the independent auditors pursuant to articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative decree no. 39/2010 and article 6 of the European Regulation, also with specific reference to the adequacy of the provision of non-audit services.

Based on the documentation and the information received, we have nothing to report about KPMG S.p.A.'s independence. During the year, we regularly met the independent auditors to exchange significant data and information and to fulfil our supervisory duties with respect to the statutory audit of the separate and consolidated financial statements.

Based on the information received from them, no facts, circumstances or irregularities were noted which should be disclosed in this report. During the year, we met 18 times. The minutes of these meetings are kept in the relevant book.

In addition, during the year, we attended:

- two shareholders' meetings;
- 12 board of directors' meetings.

Such meetings were held in compliance with the relevant legislation, regulations and by-laws. During the board of directors' meetings, we met our obligations to periodically report to the board of directors and the board of statutory auditors as per article 2381 of the Italian Civil Code.

We gained an understanding and monitored the adequacy of the company's internal controls and, in our role as Internal control and audit committee, we monitored the efficiency of the internal controls and risk management and internal audit system with respect to financial reporting.

We conducted our supervisory activities based on, inter alia: (i) the information obtained during the periodic meetings with the Central Internal Audit Department; (ii) the examination of the company documents and the results of the work performed by the independent auditors; (iii) the information provided by the Supervisory Body set up pursuant to Legislative decree no. 231/2001; (iv) our active participation in the board of directors' and other committees' meetings.



We have nothing to report with respect to the Internal Control and Risk Management System (ICRMS) or the anti-corruption policies and refer readers to the annual report for information in this respect.

Also in our role as Internal control and audit committee, we monitored the financial reporting process and received evidence of the activities carried out by the manager in charge of the company's accounting documents preparation, most recently during the meeting of 9 April 2021. We have nothing to report in this respect.

We also gained an understanding and supervised, to the extent of our duties, the adequacy of the company's organisational structure and how it operates and the measures adopted by the administrative body and the CEO to deal with the Covid-19 emergency, by obtaining information from the heads of the competent company departments.

With respect to the organisational model adopted pursuant to Legislative decree no. 231/2001, we were duly informed about the checks carried out during the year and have nothing to report in this respect.

In particular, in 2021, the company updated the procedure governing the receipt, analysis and processing of reports (including anonymous ones) on facts that may constitute offences and/or, irregularities, which was adopted in 2019 to implement Law no. 179/2019 (whistleblowing law).

We also monitored the adequacy of the company's administrative/accounting system, including with respect to the impacts of the Covid-19 emergency, and its reliability in fairly representing operations through *(i)* the information and documents obtained during the meetings with the manager in charge of the company's accounting documents preparation and the examination of the joint statements made by the latter and the CEO on 30 March 2022; *(ii)* the information obtained from the competent department heads and *(iii)* the examination of the company documents and the results of the work carried out by the independent auditors.

Based on our supervisory activities, to the extent of our duties, we believe that the company's administrative/accounting system is substantially adequate and reliable in fairly presenting operations.

During the year and after the reporting date, we did not receive any complaints pursuant to article 2408 of the Italian Civil Code. There was no need to intervene due to failure of the board of directors as per article 2406 of the Italian Civil Code.



During the year and after the reporting date, we expressed our opinions pursuant to article 2389.3 of the Italian Civil Code.

Based on our supervisory and monitoring activities, we have nothing to report.

We examined the draft separate financial statements at 31 December 2021 and note the following:

- a. after checking that the separate financial statements were consistent with the facts and information known to us, we have nothing to report in this respect;
- b. as our duties do not include analytical checks of the content of the financial statements, we checked their basis of presentation and that their preparation generally complied with the law and the IFRS. We have nothing to report in this respect;
- c. to the extent of our knowledge, during the preparation of the separate financial statements, the directors did not apply any of the waivers permitted by article 2423.4 of the Italian Civil Code.

The company ended 2021 with a profit of €136,992.87. For additional information, reference should be made to the notes to the separate financial statements.

Finally, having considered the separate financial statements at 31 December 2021, the information provided by the directors and the findings of the independent auditors, to the extent of our duties, we have no objections to your approval of the draft financial statements of FS Italiane S.p.A. at 31 December 2021, as submitted by the board of directors to the sole shareholder.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021

Dear Shareholder,

The consolidated financial statements of Ferrovie dello Stato Italiane group (“FS Italiane group”) at 31 December 2021, which have been submitted to you, comprise the required consolidated schedules



and the notes thereto. They have been prepared in accordance with the IFRS (which include the International Accounting Standards), endorsed by the European Union, and are accompanied by a directors' report and the statement of the manager in charge of the company's accounting documents preparation, as well as a schedule describing the group's consolidation scope and equity investments.

They also include the reconciliation between profit for the year and equity in FS Italiane S.p.A.'s separate financial statements and the related consolidated figures at 31 December 2021, compared to 31 December 2020.

In the directors' report, which the independent auditors KPMG S.p.A. checked for consistency with the consolidated financial statements, the directors have described the group's and the parent's overall financial position, financial performance and cash flows and provided detailed information about the specific operations of consolidated companies and the outlook.

We performed our supervisory activities in compliance with the code of conduct for boards of statutory auditors issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili). In accordance with such code of conduct, we referred to the legislation that regulates the preparation of consolidated financial statements.

The documentation examined and information received did not show any non-compliance with legislation governing the preparation of consolidated financial statements.

The independent auditors issued their report as per articles 14 of Legislative decree no. 39/2010 and 10 of Regulation (EU) no. 537 of 16 April 2014, stating that the consolidated financial statements at 31 December 2021 comply with the IFRS, are presented clearly and give a true and fair view of FS Italiane group's financial position, financial performance and cash flows as at and for the year ended 31 December 2021.

The directors' report includes the consolidated non-financial statement ("NFS") pursuant to Legislative decree no. 254 of 30 December 2016 (the "decree"). In accordance with the group's longstanding methodological choices in relation to the reporting of non-financial information, the NFS has been prepared in compliance with the "GRI Sustainability Reporting Standards" issued by the Global Reporting Initiative (GRI) in 2016 and subsequently updated (the "Standards"), using the core reporting option. The group has always applied these Standards in the preparation of the Sustainability Report (using the comprehensive option) and



they are also applied by the majority of large Italian and international groups to report their non-financial information. The Sustainability Report explores additional topics with qualitative and quantitative information in addition to that provided in the NFS. The purpose of these two documents is to meet the informational needs of the group's stakeholders - covering all varieties of information and to the different degrees of depth required - fully and in a timely manner. In 2021, the information has been supplemented with the disclosures required by Regulation (EU) 852/2020 using the criteria established in the related delegated acts.

Pursuant to article 5 of Consob (the Italian commission for listed companies and the stock exchange) regulation adopted with resolution no. 20267/2018, the FS Italiane group has appointed KPMG S.p.A. to perform a limited assurance engagement on the NFS and to issue a report thereon.

We examined KPMG S.p.A.'s report on the NFS which stated that, *based on the procedures performed, nothing has come to their attention that would have led them to believe that the 2021 consolidated non-financial statement of the FS Italiane group had not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the Global Reporting Initiative Sustainability Reporting Standards issued in 2016 by GRI - Global Reporting Initiative.*

In 2020, in its management letter, KPMG S.p.A. made suggestions on how to improve the information flows related to the sustainability report and the NFS included in the annual report, which the group appropriately took into account by also integrating the NFS disclosure required under Law decree no. 254/2016. Specifically, in 2020, for the first time, the materiality matrix was developed using a bottom-up approach (and therefore starting with an analysis of the information gathered by subsidiaries).

In this respect, on 15 December 2021, we attended a meeting convened by Consob, pursuant to article 115 of Legislative decree no. 58/98 ("TUF") as recalled by article 9.3 of Legislative Decree no. 254/2016, for clarifications about the 2019 NFS and the management letters (2018 and 2019 NFS) sent to Consob on 5 March 2021, in response to a request for information pursuant to article 115 of the TUF and article 9.3 of Legislative decree no. 254/2016.

During the meeting, the group's actions in response to the recommendations included in the aforementioned management letters, particularly with respect to the stakeholder engagement process and materiality analysis, sustainability governance, the model for estimating the (direct and indirect) social, environmental and economic impacts of the group's



investments and activities, the system of internal control over non-financial reporting, the scope of NFS reporting, the definition of a validation and monitoring process of a set of qualitative and quantitative KPIs, considered meaningful for the group, the standard contracts of the group companies and the integration of the information provided in the NFS with that described in the sustainability report, were analysed.

Based on our examination of the annual report, we acknowledge that *“The ongoing pandemic and, most recently, the escalation of the conflict between Russia and Ukraine, which is fuelling fears of an impact on political and social structures and global and European economies, have caused significant operational and strategic disruption, laying the groundwork for a transformational resilience process from which the FS Italiane group and its companies will emerge stronger than before, having overcome the uncertainty and harnessed the experience they have gained”*.

Furthermore, based on the same annual report, we also acknowledge that *“[...] This context requires a decisive shift and the definition of a ten-year strategy for the development of the relevant sectors that, in addition to identifying actions for the relaunch, outline the role that the FS Italiane group will play for the national economy to encourage the mobility of people. All of the above will be clearly presented in the FS Italiane group’s ten-year business plan (2022-2031) [...] This growth and change process pivots on the group’s new organisational structure based on business lines (Infrastructure, Passengers, Logistics and Urban), each with its own, well-defined roles and strategic objectives, and on strategic initiatives (e.g., internationalisation; producing energy from renewable sources and energy efficiency; and shared services), within a broader review of the rules of engagement, processes, procedures and systems”*.

Again, based on the same annual report, we acknowledge that:

“In Italy’s National Recovery and Resilience Plan, presented on 30 April 2021, the government expressed its intention of establishing a Complementary Fund with a total of approximately €31 billion to finance specific actions that will supplement and complete the National Recovery and Resilience Plan [...] The FS Italiane group - which has always contributed to the transformation and development of the Italian economy - plays a key role in the National Recovery and Resilience Plan. Indeed, to date, €25.2 billion has been allocated to the FS group companies – as implementers - under the National Recovery and Resilience Plan and the Complementary Fund [...]. In addition to the projects already assigned to group companies, there are other projects currently being explored that could potentially receive funding under the National Recovery and Resilience Plan”.



Finally, with respect to the outlook, we acknowledge that *“the FS Italiane group, which has launched a transformation plan to define the roles and responsibilities for processes, not only intends to confirm its solid medium- and long-term prospects but also aspires to drive the country’s recovery in the transport sector through the crucial role it has been given as an implementing body, specifically for the infrastructural investments included in the ambitious National Recovery and Resilience Plan. The ultimate objective of all these efforts is to contribute to a multi-modal passenger and freight mobility centred around caring for people’s needs, that is increasingly sustainable, safe and focused on operational excellence, filling a leadership role in pushing the envelope of technological advancement of resilient digital infrastructure not only in Italy, but with a consolidated international footprint through digital platforms and centres of excellence for innovation and the interconnection of people and freight.”*

Rome, 14 April 2022

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