

Ferrovie dello Stato Italiane S.p.A

POST-ISSUANCE VERIFICATION LETTER

LOW CARBON TRANSPORT CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: January-February 2023

Approved verifier: Sustainalytics

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Scope and Objectives

In March 2021, Ferrovie dello Stato Italiane S.p.A (“Ferrovie”, the “Company” or the “Issuer”) issued the EMTN Green Bond Series 17 (the “Green Bond Series 17”) aimed at financing expenditures related to the development of new passenger transport rolling stock to enable low-carbon land transportation (the “Nominated Project and Assets”).¹ In January 2023, Ferrovie engaged Sustainalytics to review the projects funded through the issued Green Bond Series 17 and provide an assessment as to whether the projects financed between March 25, 2021, and December 31, 2021, met the Post-Issuance Requirements under the Low Carbon Transport² criteria of the Climate Bonds Standard Version 3.0.³

The projects funded by the Green Bond Series 17 include:

1. Investment in public passenger transport rolling stock renewal:
 - a. 108 new electric multiple unit (EMU) “Pop” and “Rock” trains for regional passenger transport, and
 - b. 5 new high-speed trains

Schedule 1 provides details of the financed project and disbursement of proceeds.

Post-Issuance Evaluation Criteria

Post-issuance Requirements of the Climate Bonds Standard Version 3.0:

- Use of Proceeds
- Evaluation and Selection of Projects & Assets
- Management of Proceeds
- Reporting

Issuing Entity’s Responsibility

Ferrovie is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, total development cost of each project and disbursed amounts.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the Green Bond Series 17, issued to finance the development of electric and high-speed passenger trains, and provided an independent opinion informing Ferrovie as to the conformance

¹ Ferrovie, “Ferrovie, “FS Italiane: new Green Bond issuance for 1 billion euro”, (2021), at: <https://www.fsitaliane.it/content/fsitaliane/en/media/press-releases/2021/3/18/fs-italiane-new-green-bond-issuance-for-1-billion-euro.html>

² Climate Bonds Initiative, Land Transport Criteria, (2022), at: https://www.climatebonds.net/files/files/CBI%20Transport%20Criteria%20document_Aug2022%281%29.pdf

³ Climate Bonds Initiative, Climate Bonds Standard Version 3.0, at: <https://www.climatebonds.net/files/files/climate-bonds-standard-v3-20191210.pdf>

of the Green Bond Series 17 with the Post-Issuance Requirements and Low Carbon Transport criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Ferrovie with respect to the projects financed by the Green Bond Series 17. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Ferrovie.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier's Responsibility

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 3.0 and the International Standard on Assurance Engagements 3000 (ISAE 3000) – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

The work undertaken as part of this engagement included conversations with relevant Ferrovie employees and review of relevant documentation to assess the conformance of Ferrovie's Green Bond Series 17 with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0.

Exceptions

No exceptions were identified. All projects aligned with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0 and were in conformance with the Low Carbon Transport criteria.

Conclusion

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the allocation of EUR 1,001.37 billion from the Ferrovie Green Bond Series 17 is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

Schedule 1: Detailed Overview of Nominated Projects and Assets

Details of the Nominated Projects and Assets as provided by Ferrovie:⁴

Category	Project Description	Vehicle Units	Allocated Amount (EUR)	Share of Allocated Amount	Total GHG Emissions Avoided (tCO ₂) ⁵	Recyclability Rate
Clean Transportation	New Electric Multiple Unit (EMU) Trains for Regional Passenger Transport: "Pop" and "Rock"	108	834.58 million	83.3%	7,581 ⁶	Between 92% and 96%
	New Electric High-Speed Trains ETR 1000 "Frecciarossa1000" ⁷	5	166.79 million	16.7%	-	>94%
Total		113	1,001.37 billion	100.0%	7,581	

⁴ Ferrovie, "GREEN BOND REPORT related to the EMTN bond Series 10 and Series 17", (2022), at:

<https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/Green-Bond-Report-2021.pdf>

⁵ Reported impact refers to data from March to December 2021.

⁶ Compared to older trains and based on estimates provided to Ferrovie by its suppliers.

Ferrovie, "GREEN BOND REPORT related to the EMTN bond Series 10 and Series 17", (2022), at:

<https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/Green-Bond-Report-2021.pdf>

⁷ Trains operating in Italian and Spanish high-speed services.

Schedule 2A: Post-Issuance Requirements of the Climate Bonds Standard

<p>Use of Proceeds</p>	<p>5.1 The Net Proceeds of the Bond shall be allocated to the Nominated Projects & Assets.</p> <p>5.2 All Nominated Projects & Assets shall meet the documented objectives of the Bond as stated under Clause 6.1.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Issuer shall allocate the Net Proceeds to Nominated Projects & Assets within 24 months of issuance of the Bond, or the Issuer shall disclose in post-issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects & Assets. Net proceeds may be reallocated to other Nominated Projects & Assets at any time while the Bond remains outstanding.</p> <p>5.4 Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:</p> <p>5.4.1. distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments or;</p> <p>5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.</p> <p>5.5 Where a proportion of the Net Proceeds of the Bond are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects & Assets may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.</p> <p>5.6 The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process which is documented in accordance with Clause 3.1.</p> <p>5.7 The Net Proceeds of the Bond shall be no greater than the Issuer’s total investment exposure or debt obligation to the Nominated Projects & Assets, or the relevant proportion of the total Market Value of the Nominated Projects & Assets which are owned or financed by the Issuer.</p> <p>5.8 Additional Nominated Project & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part C of the Climate Bonds Standard and are consistent with the Bond’s objective as set out in Clause 6.1.1.</p> <p>5.8.1. Where additional Nominated Projects & Assets are covered by Sector Eligibility Criteria which were not included in the scope of either the Pre-Issuance Verification or the Post-Issuance Verification engagements, the Issuer shall engage a Verifier to provide a Verifier’s Report covering at least the conformance of the additional Nominated Projects & Assets with the relevant Sector Eligibility Criteria under Part C of the Climate Bonds Standard.</p>
<p>Process for Evaluation and Selection of Projects & Assets</p>	<p>6.1 The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:</p> <p>6.1.1. A statement on the climate-related objectives of the Bond;</p> <p>6.1.2. How the climate-related objectives of the Bond are positioned within the context of the Issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p>

	<p>6.1.3. The Issuer’s rationale for issuing the Bond;</p> <p>6.1.4. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;</p> <p>6.1.5. Other information provided by the Issuer as described in Clause 2.2</p>
Management of Proceeds	<p>7.1 The Net Proceeds of the Bond shall be credited to a sub account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.</p> <p>7.2 The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets as described in Clause 3.1.3</p> <p>7.3 While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects & Assets. Pending such allocations to Nominated Projects & Assets, the balance of unallocated Net Proceeds shall be:</p> <p>7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or</p> <p>7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or</p> <p>7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.</p>
Reporting – Post-issuance	<p>8.1 The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding.</p> <p>8.1.2. The Update Report shall be made available to holders of the Bond and to the Climate Bonds Standard Board.</p> <p>8.1.3. The Issuer should provide an Update Report to holders of the Bond on a timely basis in case of material developments.</p>

Schedule 2B: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard

Evaluation Criteria	Factual Findings	Error or Exceptions Identified
Use of Proceeds	<p>5.1 A list of Nominated Projects & Assets is provided in Schedule 1.</p> <p>5.2 The Nominated Project & Assets meets the documented objectives of the finance and are in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Net Proceeds have been allocated to Nominated Projects & Assets within 24 months of issuance of the bond.</p> <p>5.4 Ferrovie confirms that the Nominated Projects & Assets have not been nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).</p> <p>5.5 Ferrovie confirms that it has tracked the share of the Net Proceeds used for financing and refinancing.</p> <p>5.6 Ferrovie has tracked the Net Proceeds based on an internal process as established on its Green Bond Framework.⁸</p> <p>5.7 Ferrovie has confirmed that the Net Proceeds raised are no greater than the total investment exposure or debt obligation to the Nominated Projects & Assets which are owned or financed by the Issuer.</p> <p>5.8 All assets were in conformance with the Low Carbon Transportation criteria.</p> <p>5.8.1 N/A</p>	None
Process for Evaluation and Selection of Projects & Assets	<p>6.1 Ferrovie’s Green Bond Framework documents a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:</p> <p>6.1.1 A statement on the climate-related objectives of the financing;</p> <p>6.1.2 How the climate-related objectives of the financing are positioned within the context of the Ferrovie’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>6.1.3 Ferrovie’s rationale for issuing the bond;</p> <p>6.1.4 A process to determine whether the Nominated Projects meet the eligibility requirements specified in the Climate Bonds Standard;</p> <p>6.1.5 Other information provided by Ferrovie as described in Clause 2.2</p>	None

⁸ Ferrovie, “Second Ferrovie dello Stato Italiane Green Bond Framework”, (2019, at: https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/Ferrovie_Green%20Bond%20Framework%20update%20-%20June%202019.pdf)

<p>Management of Proceeds</p>	<p>7.1 Ferrovie confirmed that Net Proceeds of the bond were credited to its normal treasury accounts and then allocated via intercompany loan.</p> <p>7.2 Ferrovie confirmed that it maintained an earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets.</p> <p>7.3 Ferrovie confirmed that bond proceeds have been fully allocated.</p>	<p>None</p>
<p>Reporting – Post-issuance</p>	<p>8.1. Ferrovie is committed to preparing an Update Report at least annually while the financing remains outstanding.</p> <p>8.1.2. The Update Report will be made available to the lenders and to the Climate Bonds Standard Board.</p> <p>8.1.3. Ferrovie will provide an Update Report to the lenders on a timely basis in case of material developments</p>	<p>None</p>

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