

BUILDING FUTURE'S MOBILITY TOGETHER

2020
SUSTAINABILITY
REPORT



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2020
SUSTAINABILITY
REPORT

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

Board of directors

Appointed on 30 July 2018¹

| | |
|--------------------------|-----------------------------|
| Chairman | Gianluigi Vittorio Castelli |
| CEO and general director | Gianfranco Battisti |
| Directors | Andrea Mentasti |
| | Francesca Moraci |
| | Flavio Nogara |
| | Cristina Pronello |
| | Vanda Ternau |

Board of statutory auditors

Appointed on 3 July 2019²

| | |
|------------------------------|---------------------------|
| 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.³

Giovanni Coppola

Manager in charge of financial reporting

Roberto Mannozi

Independent auditors

KPMG SpA (2014-2022)

¹ Gianfranco Battisti was appointed CEO on 31 July 2018.

² Following the shareholder's resolution on the same date.

³ 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. Section President Giovanni Coppola replaces Angelo Canale.

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01

2020 SUSTAINABILITY REPORT

LETTER TO THE STAKEHOLDERS



LETTER TO THE STAKEHOLDERS

102-14

2020 left a huge imprint on our lives, inflicting a public health crisis of an unprecedented scale for modern times and disrupting social and economic stability. The initial economic repercussions of the restrictive measures imposed early in the year are now being followed by uncertainty and volatility that must be faced.

The transport sector was heavily damaged by the pandemic, showing a hefty drop in traffic volumes with the demand for mobility slashed by over 30% in Italy compared to 2019 considering all modes of transport.

In this unforeseen situation, people have been forced to change their habits with regard to travel and collective mobility. The services offered must be completely overhauled in order to regain trust in mass transport and rejuvenate rail and bus transport in the current landscape.

The FS Italiane Group and its people have taken on the situation, continuing to connect the country every day, focusing even more on providing customers with safe environs and efficient services and employees with the measures needed to work. The Group's operational excellence still stands out despite it all. RINA, a third-party institution, recognised its dedication to meeting the mobility needs of people and freight in safe environments for both passengers and employees with Biosafety Trust Certification. This certification is assigned to companies who excel in best practices to prevent the spread of infections, including COVID-19.

Less than ten years shy of the target set by the United Nations 2030 Agenda for sustainable development and the European push to transform into a fair, healthy and prosperous society in harmony with nature, the FS Italiane Group will become an exponent of economic revival, generating growth, work and income over the coming years to enable the future generations to live in a more sustainable and resilient country. As proof of this commitment, the Group joined the UN Global Compact to formalise its involvement in

the creation of an inclusive and sustainable global economy by integrating its strategy and day-to-day operations with the Global Compact's ten principles.

Fully aware of the transport sector's key role, the FS Italiane Group will continue to cultivate its past legacy, upholding the same level of investment quantity and quality while simultaneously tracing a new path of adopting and implementing sustainable strategies: the key to boosting stability and minimising risk exposure. The FS Italiane Group is building its future on pillars such as customising and offering quality services, making rail transport the backbone of sustainable logistics, adopting digital interconnected systems to create an innovative infrastructure system, and partnering with institutions, local bodies and other stakeholders to plan and build mobility hub stations.

Inspired by the 17 Sustainable Development Goals of Agenda 2030, the FS Italiane Group has begun setting long-term goals. After approving initial goals focused on three crucial issues for stakeholders - namely carbon dioxide emissions, safety and modal shift -, the Group is currently working on turning these goals into tangible commitment and interim targets. These focus on upgrading the fleet, electrifying the few portions of the network not yet electrified, pursuing energy efficiency, clean energy and digitalisation and applying smart technologies to infrastructures in an inclusive company setting that respects the environment and the value of people.

These goals will be achieved by keeping to the path we have followed in recent years, adapting services and structures to new health and safety requirements and the need for flexibility, and building a modern, digitalised and sustainable infrastructure and mobility system.

Thanks to the excellence, know-how and innovation developed in the field, this path has boosted the FS Italiane Group's position on foreign markets. Operating in over 60

countries and with 22 sites on five continents, the Group has become a global point of reference in its sector and is ready to face international challenges and the challenge of the European market as a new domestic market. Indeed, the Group has joined a consortium which will be one of the first foreign private operators to enter the Spanish market with a ten-year high-speed service slated to launch in January 2022.

The Group did not abandon this path in 2020 despite the many difficulties thrown up during the year. In fact, at certain key times detailed in this report, it demonstrated how sustainability principles can be transformed into concrete actions.

Proof of the Group's adaptability and response capacity, the National Electrical Equipment Workshop (Officina Nazionale Apparecchiature Elettriche ONAE) site in Bologna was fitted with a production line to make face masks to protect against COVID-19. Certified by the Italian Institute of Health, 1.8 million masks are produced per month and distributed to both Group employees and the wider population via a special agreement signed with the National Civil Protection Service.

One of the Group's innovative tools designed to meet people's needs, the new Trenitalia app introduces functions such as self check-in, which facilitates ticket controls, and smart caring, a real-time information service. The app has also tested a digital counter for regional train passengers which provides real-time seat availability using a traffic light system and thus helps prevent overcrowding. The Group's dedication to its customers was also evident in the new commuter trains rolled out in many regions during the year with particular features aimed at people who travel by train every day. These trains score high on sustainability and accessibility, boasting recyclable materials, space for bicycles, energy savings and adequate space for passengers with reduced mobility. The entire Group fully commits to these issues, as demonstrated by the growth of the Sale Blu network of assistance centres for passengers with disabilities and reduced mobility. There are now 332 active stations following nine new additions within the RFI network.

As well as extending the option of working from home, also to protect workers' health, a widespread digitalisation process has enabled continuity in recruiting, training and developing FS Italiane people. New levels of excellence in innovative talent acquisition, developing and training methods create a firm bond between the Group and its employees promoting mutual support and team spirit.

Tackling climate change issues is a key challenge for the transport industry and a tangible commitment for FS. Thanks to its competence in reporting, governing and managing climate issues, the FS Italiane Group has reached "leadership" level, obtaining an "A-" sustainability rating from the Carbon Disclosure Project (CDP), one of the field's top organisations. Along the same line, it set up a Programme Team for adaptation actions to tackle climate change risks. The scope of this intraGroup work board is to quantify exposure to risks deriving from climate change over the long term and to define a coherent plan for adaptation projects in line with the European Green Deal forecasts. The FS Italiane Group believes that acknowledging diversity and inclusion is a source of competitive advantage and enhances and generates value, at both Group and country level. As proof of this conviction, during the year, the FS Italiane Group also signed the Women's Empowerment Principles (WEP) - established by UN Women, the UN entity dedicated to gender equality - to promote equal opportunities for women in the workplace, the market and the community, and supported the 4 Weeks 4 Inclusion project together with 27 other Italian and multinational companies.

This Sustainability Report is meant to provide an overview of our achievements, priority efforts, principles and outlook. 2021 will be the European Year of Rail. The European Commission has decided to celebrate the rail industry for its leading role in the continent's ecological transition and in designing a new model of mobility. With this vision of the future, thanks to the professionalism, ethics and values of all its employees, the FS Italiane Group will continue to give its utmost to develop rail transport in line with a concept of evolving sustainable mobility. It also aims to create value for the community and the areas the trains pass through.


Chairman

Gianluigi Vittorio Castelli



CEO and general director

Gianfranco Battisti





02

2020 SUSTAINABILITY REPORT

INTRODUCTION



INTRODUCTION

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The information in the 2020 Sustainability Report is compared with the previous two years⁴. Any differences with respect to the information published in previous Sustainability Reports are due to the refinement of the reporting methods.

Sustainability reporting holds an increasingly central role in conveying a company's medium/long-term performance and ability to create value. This focus poses the challenge of ensuring that the information presented is reliable and defining an adequate risk control and management process underlying the gathering and reporting of such information.

To guarantee accurate, complete, consistent and timely sustainability information for stakeholders, the Group has defined an internal control model involving the actors and companies participating in the reporting process.

This report has been prepared in accordance with the "GRI Sustainability Reporting Standards" guidelines issued by the Global Reporting Initiative (GRI), using the comprehensive reporting option. The data and information published in this report were provided directly by the department heads via a dedicated IT platform or were taken from other official sources⁵. Ferrovie dello Stato Italiane S.p.A.'s board of directors approved the 2020 Sustainability Report, together with the Group's Annual Report, during the meeting held on 31 March 2021.

The report is subject to a limited assurance engagement in accordance with the criteria indicated by ISAE 3000 (revised) by KPMG S.p.A..

In accordance with Legislative decree no. 254/16 (the "Decree"), which transposed into Italian legislation Directive 2014/95/EU, the Annual Report includes

the consolidated non-financial statement, which also reports some of the sustainability information included in this report.

This report covers the economic, social and environmental activities deemed to be the most significant for the Group and its stakeholders, as described in the following paragraph. Further details are provided in the annexes:

- › *Performance indicators*, detailing the Group's main sustainability indicators;
- › *GRI content index*, a bridging table between the Sustainability Report content and the GRI Standards;
- › *Company highlights - the environment*, providing key environmental information for each company included in the reporting scope;
- › *Restarting Together*, summarising the Group's efforts, initiatives and actions during the COVID-19 emergency.

All of the annexes are also available online in the "Sustainability" section of the website www.fsitaliane.it.

MATERIALITY ANALYSIS

Each year, the Group updates the analysis to identify social, environmental and economic topics that are material (materiality analysis) in order to recognise long-term value creation opportunities.

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 subsidiaries⁶) in three steps:

⁴ The Sustainability Report is published annually. The previous edition of this report, which referred to 2019, was published in April 2020.

⁵ For additional details, in certain cases, reference should be made to the Group's 2020 Annual Report.

⁶ In addition to FS Italiane S.p.A, Trenitalia, RFI, Anas, Polo Mercitalia, Busitalia Sita Nord, FS Sistemi Urbani, Italferr, Ferrovie del Sud Est e Servizi Automobilistici, Ferservizi, contributed to the materiality matrix.



IDENTIFICATION

Identification, through an in-depth analysis of internal and external Group documents, of the **topics potentially relevant**



EVALUATION

Evaluation of relevance for the Group and stakeholders was obtained by various engagement channels:

- › Datamaran: a tool base on artificial intelligence able to analyze the main external stakeholders (e.g. peers, competitors in the industrial sectors in which the group operates, voluntary and applicable national and international regulations)
- › Surveys addressed to residents
- › Online surveys to the Group employees
- › Online surveys to the top management of Ferrovie dello Stato Italiane S.p.A.
- › Engagement activities targeting external stakeholders (e.g., suppliers, institutions, associations, etc.) and management by the main companies involved in the process

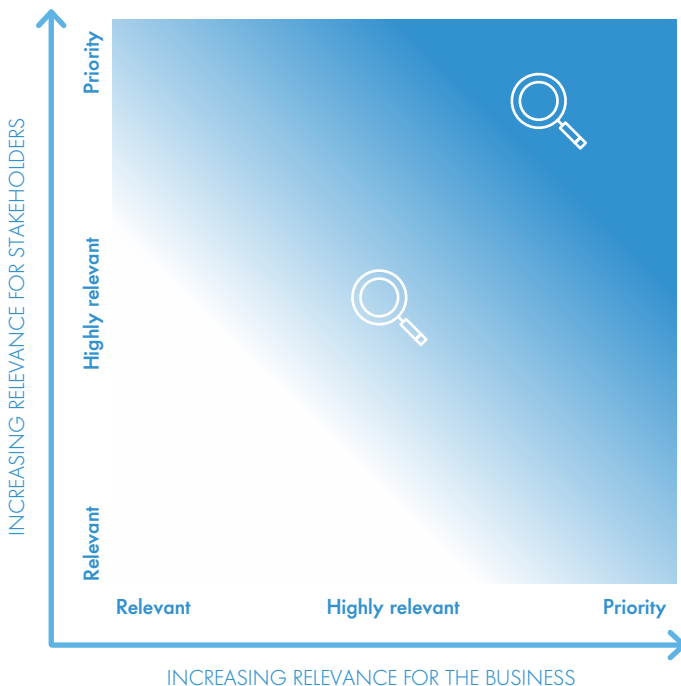


PRIORITISATION

Development of an aggregation data methodology and elaboration of the first **Group Materiality Matrix** with a “bottom up” approach

The methodology adopted for aggregating the data gathered by the companies involved: the company’s relevance and size, the number of external stakeholders involved and the organisational weight of engaged management. The priority of topics was mapped

based on two dimensions: strategic relevance for the Group (horizontal axis) and perceived relevance for stakeholders (vertical axis). The topics placed in the “very relevant” and “priority” areas are described below:



- › Circular economy
- › Climate change and air quality
- › Customer satisfaction
- › Ethics, integrity and transparency
- › Occupational health and safety
- › Travel safety

- › Employee engagement and care
- › Energy
- › Inclusion and accessibility of services
- › Inclusion, equal opportunities and diversity
- › Infrastructure resilience
- › Innovation and digitalisation
- › Intermodality
- › Personnel recruitment, enhancement and growth
- › Territorial protection

MATERIAL TOPICS VS SDGs⁷



CIRCULAR ECONOMY

Manage **hazardous and non-hazardous waste**; fight against **illegal dumping of waste**; use **materials** efficiently; **reduce, reuse, recycle and recovery of materials**



CLIMATE CHANGE AND AIR QUALITY

Fight against **climate change** through **reduction of greenhouse gas emissions** (e.g., CO₂, ozone-depleting substances, natural gas, etc.) and actions to improve **air quality** and reduce **air pollution** (e.g., particulate matter, nitrogen oxide, etc.)



CUSTOMER SATISFACTION

Commit to guarantee and improve the **quality of services** offered to current and potential customers at stations and on board trains and buses (e.g., comfort, design, cleanliness, punctuality, public information, security, etc.); **relationship of trust** with customers by setting up dedicated engagement channels; monitoring **customer satisfaction** and correct **management of complaints**



EMPLOYEE ENGAGEMENT AND CARE

Promote **employee well-being** through welfare policies (e.g., engaging and listening to employees; health insurance/reimbursements; contributions for creches, elderly care, babysitters, etc.; managing operational changes - e.g., job rotation, professional retraining programmes, financial contribution measures, etc.); **smart working**



ENERGY

Reduce **energy consumption**; promote the **efficient use of energy resources** (e.g., smart grid, cogeneration, LED lighting, etc.) and **renewable sources** (e.g., alternative fuels, biofuels, "green" hydrogen energy, hybrid engines, solar power, wind power, etc.)



ETHICS, INTEGRITY AND TRANSPARENCY

Adopt the **highest ethical standards** in company operations, in line with the corporate vision and values; fight **corruption and bribery**; strengthen **company identity and reputation**; **transparency** in business; protect and respect **freedom of competition**, codes of conduct and regulations on incorrect/monopolistic business practices



⁷ Furthermore, in its daily operations, the Group also contributes to the achievement of other SDGs not associated with material topics.



INCLUSION AND ACCESSIBILITY OF SERVICES

Inclusion and **accessibility** of stations so that every citizen can fully use the services offered; provide unobstructed paths at stations; assistance services at stations and on board trains and buses for people with disabilities and reduced mobility (e.g., Sale Blue, tactile walkways, visual and sound alerts, etc.)



INCLUSION, EQUAL OPPORTUNITIES AND DIVERSITY

Inclusion; **non-discrimination** and appreciation of **diversity** at the company (age, gender, skills and experience, religion, political views, ethnicity, nationality, sexual orientation, physical ability, geographical origin, etc.); **equal opportunities**; impartiality; gender pay gap



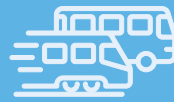
INFRASTRUCTURE RESILIENCE

Supervise and prevent **impacts** on railway and road **infrastructure** deriving from the growing effects of **climate change** and the **fragility of the land** (e.g., hydro-geological events, earthquakes, floods, etc.); strengthen railway and road assets to maintain functionality and efficiency in the long term



INNOVATION AND DIGITALISATION

Develop **innovative solutions** and **new technologies** to upgrade existing processes and services; **digitalise** company processes to boost time, cost reduction and energy consumption efficiency



INTERMODALITY

Promote **collective and shared means of transport** for passengers and freight that are increasingly efficient and with a lower impact on society and the environment (e.g., less traffic and better air quality); improve **integration** among all collective and alternative mobility solutions (e.g. train, urban and extra-urban transports, bicycles), including information on services



OCCUPATIONAL HEALTH AND SAFETY

Promote **occupational health and safety**; **prevent** accidents and injuries; **psychophysical well-being** of people; **safety culture** at the company; monitor work-related stress; ergonomics





PERSONNEL RECRUITMENT, ENHANCEMENT AND GROWTH

Marketing and promotion strategies for the FS Italiane brand to attract young people and professionals; hire and select talent **based on merit**; **professional and career development** programmes; elevate know-how, experience and merit (e.g., internal job posting, professional development programmes, etc.); meritocratic, **incentive and remuneration** policies



TERRITORIAL PROTECTION

Prevent and mitigate the impact of operations on the **soil** and the **quality** of underground and surface **water**; **reclaim** contaminated areas; minimise **soil consumption**; **conserve** habitats and natural ecosystems; protect and develop **natural and archaeological heritage**



TRAVEL SAFETY

Maintain **high** travel quality and safety **standards**; **reliability and maintainability** of all components of railway and road infrastructure; **protect** passengers at stations and on board trains and buses (from theft, harassment, assault, etc.); **traffic safety** of trains, buses and cars; commit to spreading a safety culture

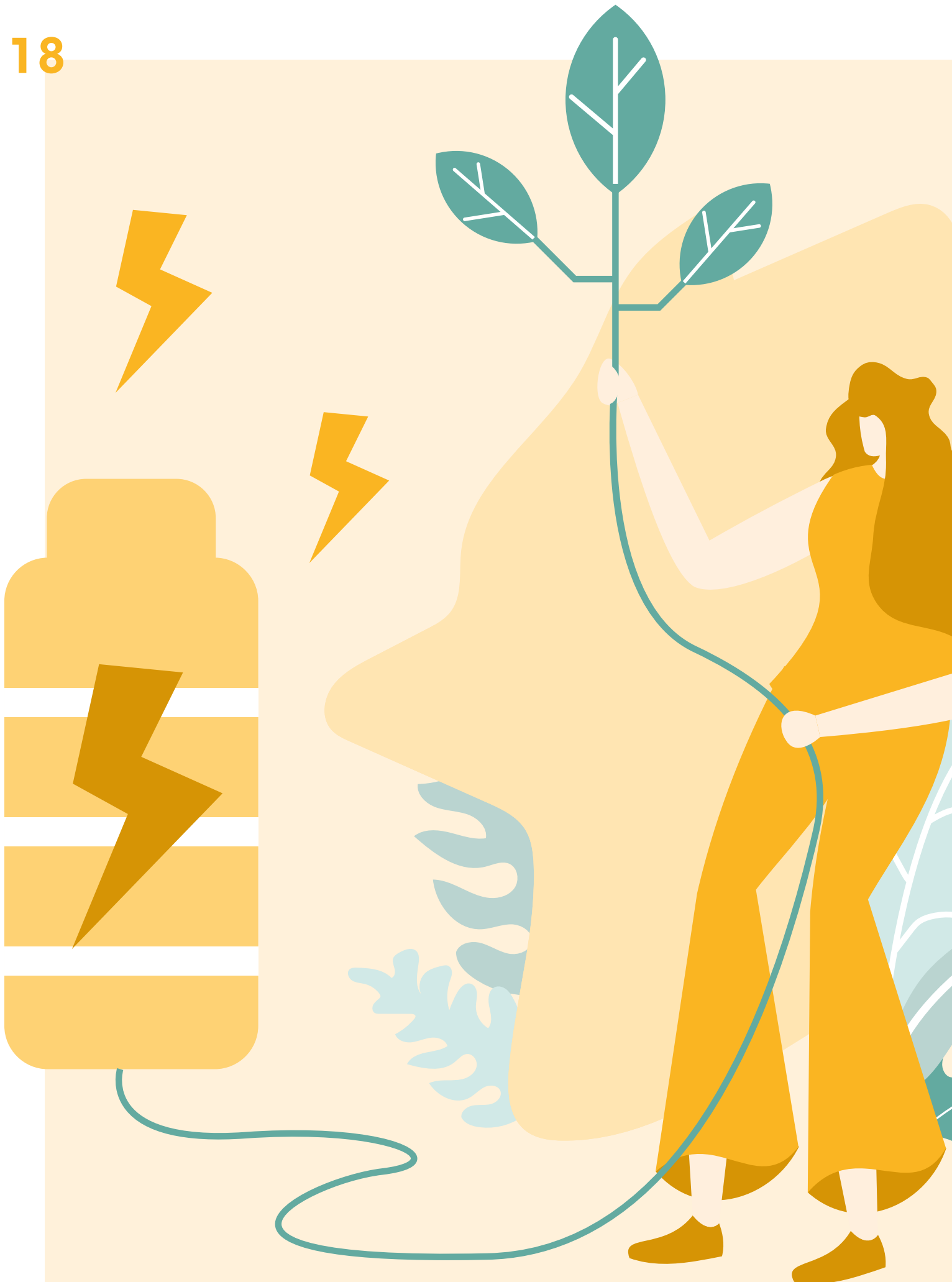


The reporting scope was defined based on the economic/financial materiality of each topic within the Group⁸ and considering the size of the companies and how they are controlled (e.g., direct subsidiaries are included in the Level 1 scope). Furthermore, qualitative aspects envisaged

by non-financial reporting were also considered (in accordance with the reporting standards applied), which entailed the inclusion of other consolidated companies in the Level 1 scope (reference should be made to the attached *GRI content index* for details).

⁸ In this report, the terms parent, FS Italiane or FS Italiane S.p.A. are used to identify the company Ferrovie dello Stato Italiane S.p.A., while the terms Group and FS Italiane Group refer to all companies included in the reporting scope.





03

2020 SUSTAINABILITY REPORT

2020 HIGHLIGHTS



2020 HIGHLIGHTS

102-7



Results of operations

Results of operations

| | | |
|-----------------------------------|-----------|--------|
| Loss for the year | € million | (562) |
| Directly generated economic value | € million | 10,941 |
| Economic value distributed | € million | 9,621 |
| Investments | € million | 8,952 |

Passenger and freight traffic

Rail traffic - passengers

| | | |
|--------------|---------|-----|
| passenger-km | billion | 18 |
| train-km | million | 242 |

Rail traffic - freight

| | | |
|----------|---------|----|
| tonne-km | billion | 21 |
| train-km | million | 41 |

Road traffic - passengers

| | | |
|---------------|---------|-------|
| passengers-km | billion | 1.7 |
| bus-km | million | 172.6 |



Dialogue with stakeholders

| | | |
|--|-----|----------|
| Stakeholders | no. | over 200 |
| Proposals approved by the Stakeholder Panel (since 2013) | no. | 85 |



FS Italiane Group for the planet

Energy and emissions

| | | |
|--|--------------------------|------|
| Energy - total Group energy consumption | GJ million | 24.8 |
| Emissions - Total greenhouse gas emissions | tCO ₂ million | 2 |

Responsible purchases

| | | |
|--|-----------|----|
| Tenders for rail and road infrastructure | € billion | 20 |
|--|-----------|----|



FS Italiane Group for the people

Service quality - Punctuality

| | | |
|--|--------------|-------|
| Railway passenger transport | | |
| Market services (Freccie) | 0-10 minutes | 79.1% |
| Universal services (Intercity day and night) | 0-15 minutes | 87.3% |
| Regional services | 0-5 minutes | 92.8% |
| Road passenger transport | | |
| Urban transport | 0-5 minutes | 96.5% |
| Suburban transport | 0-15 minutes | 94.5% |

Customer satisfaction (Italy)

| | | |
|---|----------------|-------|
| Railway passenger transport (overall journey) | | |
| Medium and long haul transport | satisfaction % | 95.3% |
| Regional transport | satisfaction % | 89.0% |
| Infrastructure | | |
| Information at the station | satisfaction % | 95.8% |

Promoting safety

Investments in safety

| | | |
|----------------|-----------|---------|
| Infrastructure | € million | 3,077.9 |
|----------------|-----------|---------|

| | | |
|-----------|-----------|-------|
| Transport | € million | 418.6 |
|-----------|-----------|-------|

People and their value

| | | |
|-----------------|-----|--------|
| Total personnel | no. | 81,409 |
|-----------------|-----|--------|

| | | |
|-------|---|------|
| women | % | 18.2 |
|-------|---|------|

| | | |
|-----|---|------|
| men | % | 81.8 |
|-----|---|------|

| | | |
|----------|-------------------|-----|
| Training | hours (thousands) | 518 |
|----------|-------------------|-----|

| | | |
|-------------------------|-----|---------|
| E-learning participants | no. | 110,000 |
|-------------------------|-----|---------|

Relationships with the community

Re-use of assets

| | | |
|--|---------------|---------|
| Total surface area under free loan for use | square metres | 177,779 |
|--|---------------|---------|

| | | |
|---|---------------|--------|
| for social activities (help centres and shelters) | square metres | 15,216 |
|---|---------------|--------|

| | | |
|-------------------|---------------|---------|
| other real estate | square metres | 155,563 |
|-------------------|---------------|---------|

Fondazione FS Italiane

| | | |
|-----------------|-----------|------|
| Value of assets | € million | 10.6 |
|-----------------|-----------|------|

| | | |
|---|-----------|------|
| Value for local communities (2014-2020) | € million | 36.2 |
|---|-----------|------|



Leader in **climate commitment**



Best employer of choice for the **sixth year in a row**



8th in Europe in the **Transports and Logistics sector**



Most votes in the **passenger transportation category**



INTEGRATED GOVERNANCE INDEX

2nd place in the **Integrated Governance Index of non-listed companies**



Among the top 200 best employers for **women in Italy**



2nd best employer in the **Energy and Transport sector**



2nd digital excellence in the **mobility and transport sector**



For the second year in a row, voted the **best experience in online job search** by students and recent university graduates



The Innovation Skill Hub **learning programme** won the innovation award



Gold Performer in the Lundquist .trust 2020 ranking



20th most sustainable company on the internet





04

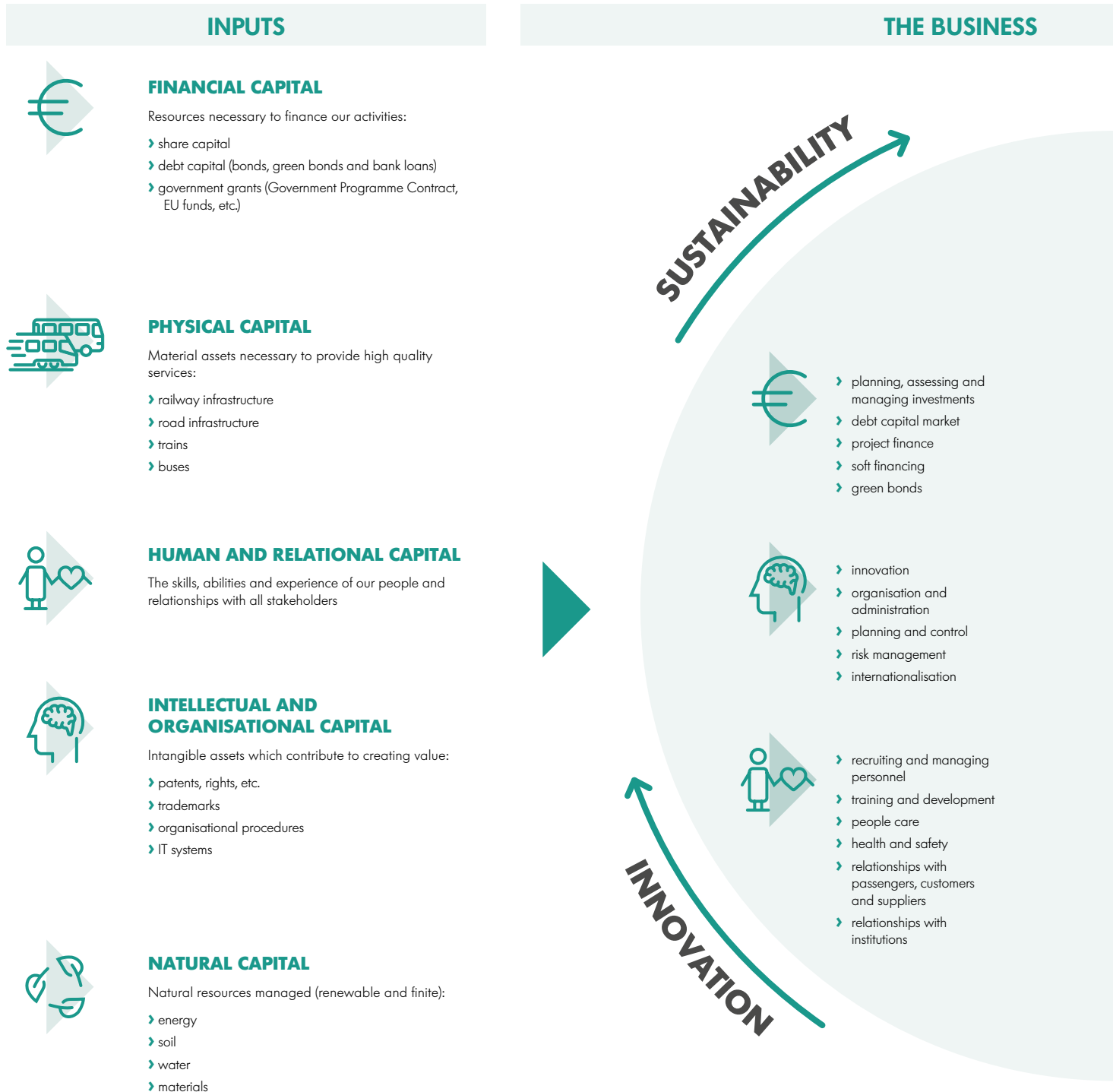
2020 SUSTAINABILITY REPORT

THE FS ITALIANE GROUP: STRATEGY AND GOVERNANCE

THE GROUP'S PROFILE AND BUSINESS MODEL

The purpose of our business model is to make the most of the different types of capital (financial, physical, human and relational, intellectual and organisational, natural)⁹ by organising activities and processes to create value in the medium and long-term for

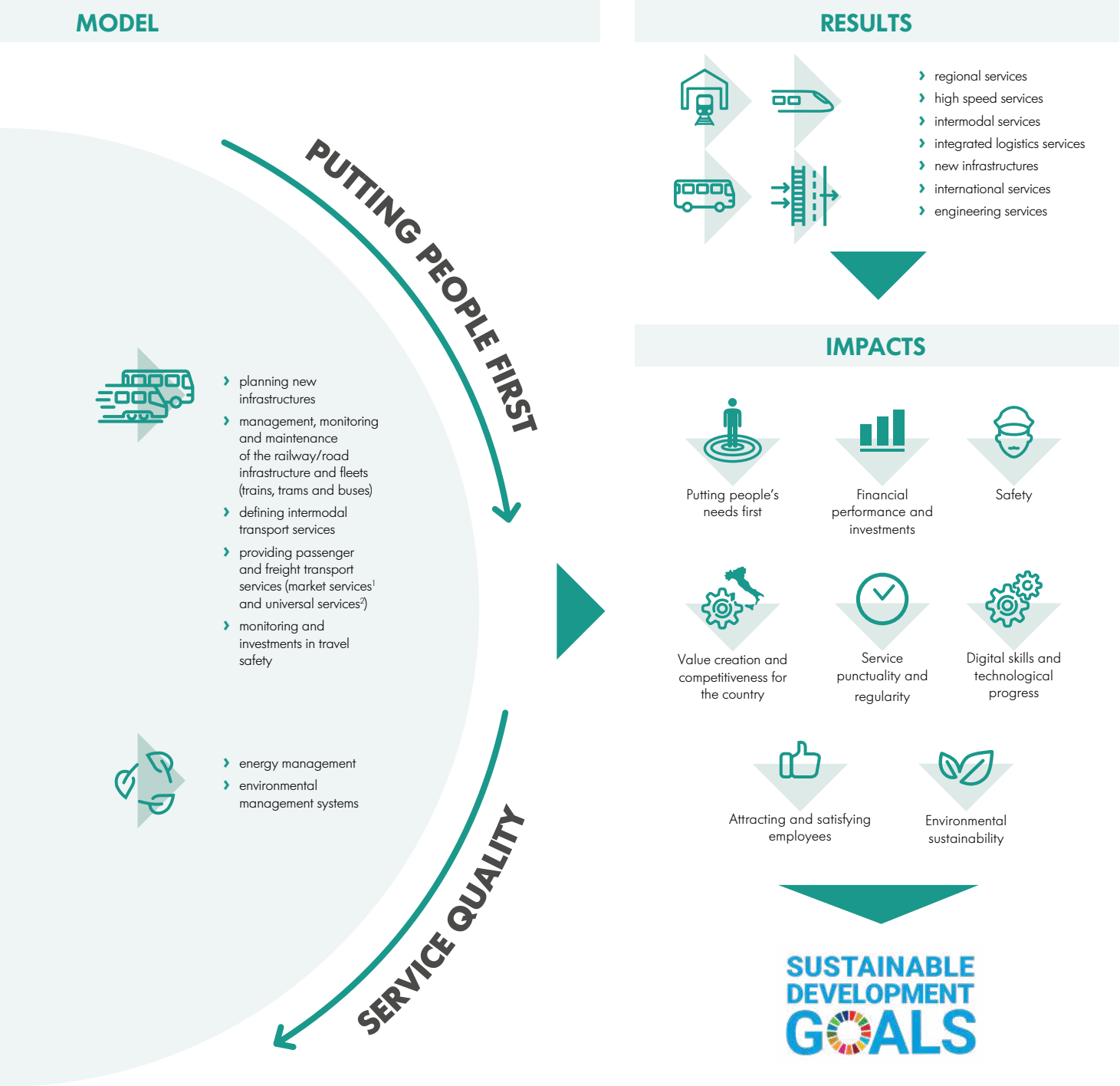
all stakeholders. As in other public utilities sectors, the Group's activities are subject to specific regulation by independent national and international authorities, in order to safeguard the correct working of the market and the customers rights.



⁹ According to the IIRC (International Integrated Reporting Council) framework.

THE GROUP'S VISION

The FS Italiane Group is determined to drive the country's recovery by creating value and contributing to a multi-modal transport of people and goods, while placing people's needs to the fore, which is increasingly more sustainable, safe and, at the same time, focused on operational excellency, maintaining a leadership role at the cutting edge of technology and resilient digital transport infrastructure, not just in Italy but with a strong presence all over the world.



¹ Services offered without commercial restrictions and without any government grants.

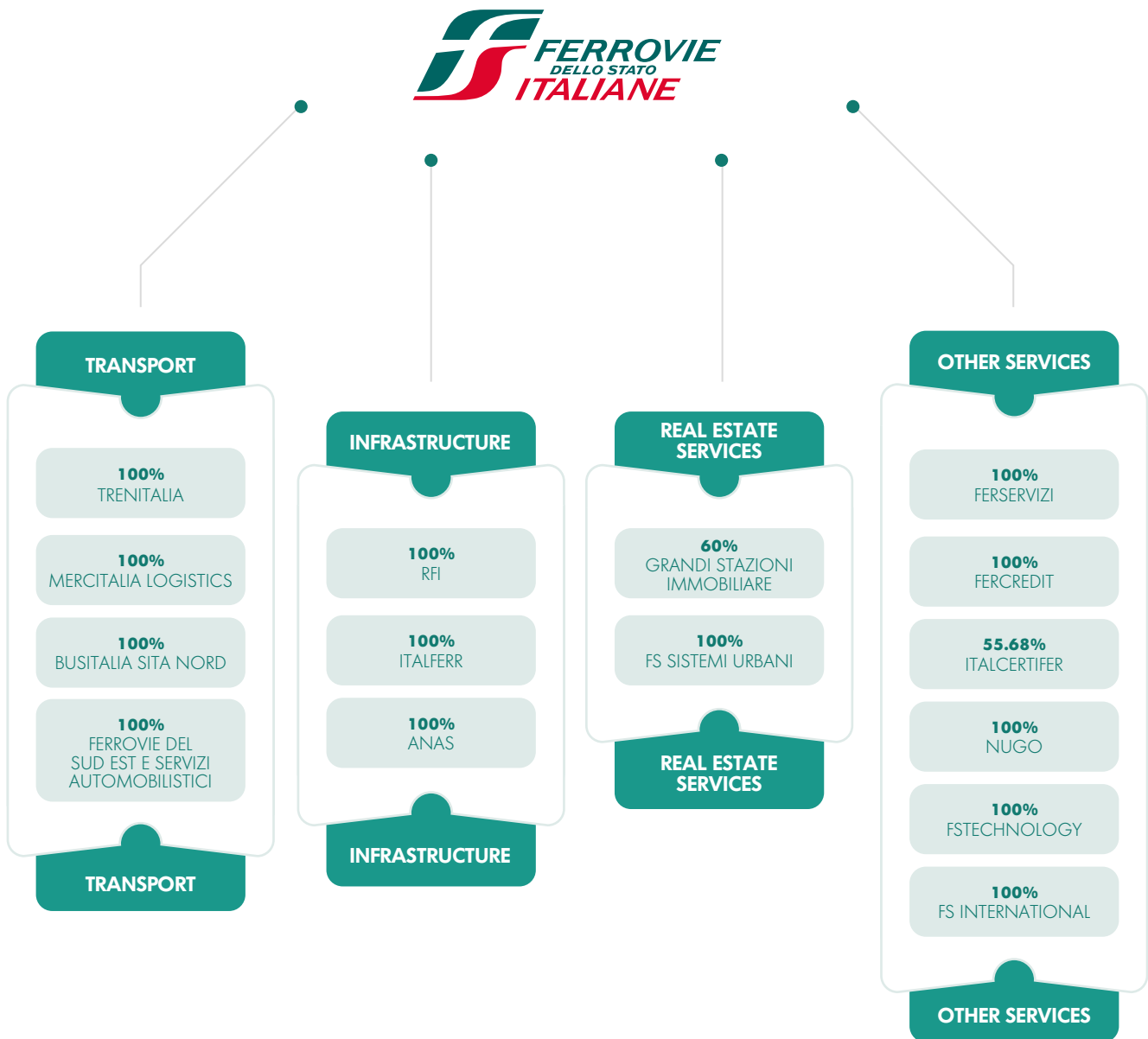
² Public transport services offered at the request of the government or regions under service contracts, whereby the transport companies receive considerations in exchange for meeting agreed requirements in terms of the frequency of service, fares, service levels and stops.

OPERATING SEGMENTS AND GEOGRAPHICAL SEGMENTS

102-2 102-4 102-5 102-6 102-7 102-10

The Ferrovie dello Stato Italiane Group, active in Italy and abroad, **creates and operates passenger and freight railway, road and motorway transport, works and services.** As

required by the organisational model, which reflects the by-laws, activities are mainly, though not exclusively, carried out through investees¹⁰.



¹⁰ The map of Ferrovie dello Stato Italiane's operating segments and equity investments was updated in February 2021. The chart shows the parent's direct subsidiaries consolidated on a line-by-line basis and FS Italiane S.p.A. itself.

The Ferrovie dello Stato Italiane Group is organised into four operating segments: Transport, Infrastructure, Real Estate Services and Other Services. The parent heads the operating companies in the various operating segments along the chain and other companies that provide services and support for the Group's operations. The companies have their own corporate characteristics and independently manage operations to achieve their respective business targets. **The Group continuously operates on foreign markets** through its subsidiaries.

TRANSPORT



The Group companies active in **passenger and/or freight transport by rail, road or water** operate in the Transport segment.

In particular, the leading operator in the **railway segment** is Trenitalia S.p.A., which provides passenger mobility services in Italy and abroad, managing both regional services and medium and long haul transport, above all high speed Freccie trains.

The segment results also include the Netinera Group, which operates in rail and road transport on the German local public service space and metropolitan market with roughly 40 investees; TrainOSE, which operates in Greece between Athens and Thessaloniki; C2C, which provides passenger transport in the UK; and Ferrovie del Sud-Est e Servizi Automobilistici (FSE), the concession holder for rail and road services in Puglia.

The companies which mainly provide **freight transport** form the Mercitalia Group, which was set up in 2017 and currently consists of seven companies operating nationally and internationally: Mercitalia Logistics, the parent of the Mercitalia Group, specialised in developing real estate assets for logistics and integrated logistics activities; Mercitalia Rail, which is Italy's largest rail freight company

and one of Europe's largest; TX Logistik Group, which is Germany's third-largest railway freight carrier, operating in many other European countries as well; Mercitalia Intermodal, Italy's largest combined road/rail transport operator, and the third largest in Europe; Mercitalia Shunting & Terminal, an Italian leader in first and last mile railway services and one of the largest inland terminal operators in Italy; Mercitalia Maintenance, which specialises in maintaining railway cars; TERALP (Terminal AlpTransit), specialised in the construction of cutting-edge terminal infrastructures.

The Transport segment also includes the urban and suburban **road mobility transport services** provided by Busitalia-Sita Nord S.r.l. and its investees¹¹, in addition to the aforementioned FSE S.r.l..

INFRASTRUCTURE



The Group's Infrastructure segment boasts **Europe's leading integrated railway and roadway infrastructure hub**, serving the largest number of residents with the most investments. The hub is operated by Rete Ferroviaria Italiana S.p.A., the main national railway infrastructure operator, and by Anas S.p.A., the national operator of the Italian roadway and motorway network. Italferr S.p.A. contributes to this segment through its **engineering activities**, which it has consolidated in over 30 years of experience in infrastructural projects for traditional and high-speed railways, metropolitan and road transport and the design of ports and stations in Italy and abroad. In addition, Grandi Stazioni Rail S.p.A., a company controlled by RFI, also contributes to the results of this segment, as it **manages the key station businesses** for passengers and everyone working there (safety, cleaning and maintenance, ticketing, parking, office lease and engineering).

¹¹ Busitalia Sita Nord is also active in the Utrecht and Groningen – Drenthe area through QBuzz, Holland's third largest local public transport operator.

REAL ESTATE SERVICES



The Real Estate Services segment includes FS Sistemi Urbani S.r.l., which manages, markets and develops the Group's real estate assets not used in operations.

In addition, the parent's real estate management activities contribute to the results of this segment, in that the parent provides strategic guidelines with respect to real estate and asset allocation (e.g., mergers, demergers, contributions to vehicles, etc.) to the Group companies and it trades in owned land and properties.

OTHER SERVICES



Ferrovie dello Stato Italiane S.p.A. operates in the other services segment as the Group's holding company, and **establishes and coordinates the operating companies' policies and business strategies** that are not part of the above-mentioned real estate management. The other companies that operate in the segment are: Ferservizi S.p.A., which manages outsourcing for the main Group companies and activities not directly related to railway operations; Fercredit S.p.A., which mainly aims to develop credit factoring and leasing on the captive market, in addition to expanding consumer credit transactions for Group employees; Italcertifer S.p.A., which certifies, evaluates and tests transport and infrastructure systems; FSTechnology S.p.A., specialised in technology and innovation, and FS International, set up to spread the Group's extensive know-how throughout the world, offering a one-stop-shop for integrated solutions on a vast range of mobility segments, such as high-speed and traditional railways, freight transport and logistics services, mass transit systems, rail and road infrastructure, asset management, digital technology as well as safety and security services.



For additional information on the Group companies' businesses and activities, visit the website www.fsitaliane.it ("Group companies" section)



FS Italiane S.p.A. is unwaveringly committed to consolidating its leadership in European railway transport and in the international market.

The FS Italiane Group is an **international benchmark in the transport sector**, known for its excellence in railway expertise and the innovative technologies it uses.

The Group operates in various European countries through its subsidiaries: Netinera and TX Logistik, respectively providing passenger and cargo transport in Germany, Thello in France, C2C in the UK, Trainose in Greece, Qbuzz, a road and rail LPT company in the Netherlands and ILSA in Spain.

The ILSA joint venture between Trenitalia and Air Nostrum is **one of the first private players to access the Spanish market**. ILSA expects to begin operating the service in January 2022 and for ten years. **It has chosen to use the Frecciarossa 1000 train.**



THE NEW MOBILITY SCENARIO: RESILIENCE AND REVIVAL

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The Covid-19 crisis has **left deep scars**, especially among those at risk and the elderly, impacting all economic sectors and provoking a generalised profound sense of uncertainty during the year.

According to Audimob Report¹² estimates, **there was an upswing in demand for mobility in the 2017-2019 two-year period** (+8% journeys, +14% passenger-km), after almost a decade of contraction born from the 2008 financial crisis.

During the **lockdown period** (from 12 March to 3 May 2020), there was an **unsurprising nose-dive in the volume of demand** compared to ordinary pre-Covid-19 times (2019 average), estimated at over 65% less daily journeys and over 80% less passenger-km. As well as the sharp dip in daily journeys per person, the strict travel restrictions also meant the average length of journeys plummeted (by roughly 40%), a clear and foreseeable fallout of the

rule imposed during lockdown to keep to your local area except for justified exceptions.

In the weeks following the **lifting of restrictions on movement** (from 18 May to 17 June 2020), the demand for mobility in Italy surged, with the number of journeys more than doubling those during lockdown (up 144%) while the number of passenger-km rose 366% due to the sharp lengthening in the average journey length.

However, **2019 pre-Covid levels are still far off**, falling roughly 15% short in the number of journeys and approximately 25% in the number of passenger-km.

In general, it is safe to say that people's travel habits underwent a dramatic upheaval in 2020, on the one hand due to restrictions, which were gradually revised, and on the other, evolving along new paths of demand.



Source: processing of Audimob figures

¹² "17th Report on mobility in Italy - Between managing the present and strategies for the future" by ISFORT (Higher Institute of Transport Training and Research) in partnership with the MIT and CNEL (National Council for Economics and Labour) and the scientific contribution of AGENS (Confederal Transport and Services Agency).

Even though it would appear the risk of a boom in private transport has been averted, **an analysis of data on modes of transport used in 2020** shows that the impact of the pandemic caused:

- › a **huge surge in active mobility**¹³, which accounted for over 30% of mobility consistently throughout the year, with absolute volumes of journeys from the end of lockdown to mid-October exceeding the 2019 level by 10% as a daily average;
- › a **substantial perseverance of car travel**, which lost few share points and recorded a lower number of journeys, in the average of the post-lockdown period, estimated at -20% on 2019;
- › a **considerable contraction in collective and intermodal transport**, which, despite the post-lockdown recovery, saw its share cut by a third (at 8%) and almost 50% less passengers than the 2019 average.

During the recovery stage, **the “fear of infection” was the main psychological factor behind the desertion of public transport** in favour of other means of transport perceived as safer, such as non-motorised mobility and cars, mainly in urban and suburban areas, respectively. Other factors to be considered are the inconvenience of accessing vehicles due to protection regulations, the restructuring of the business world (e.g., working from home, unemployment) and the reduced public transport services offered.

Looking at the analysis, the **collective mobility sector** is light years from pre-Covid numbers and is **one of the worst affected sectors**. This highlights the frailty of the old transport systems and models which, now more than ever, need to be completely overhauled with regard to the environment and sustainability, driving us to develop a new vision for our system and build a more equitable and sustainable company.

The financial performance of many industrial Groups in 2020 - especially, but not exclusively, the transport sector - was severely impacted by the public health emergency sparked by the global outbreak of Covid-19. The main impacts on the FS Italiane Group's income statement for the year are detailed below.

The Group's **profit for the year** dropped €986 million as a result of the pandemic due to the slump in revenue (€1,695 million, including grants received under legislation introduced during the year), only partially offset by the decrease in costs (€652 million), depreciation, amortisation, accruals and impairment losses (€44 million) and taxes (€28 million), despite the increase in net financial expense (€15 million).

¹³ By foot, by bicycle or micromobility.

THE GROUP'S ROLE IN THE COUNTRY'S RECOVERY

The public health emergency caused by the COVID-19 outbreak hugely impacted most businesses in the country.

The FS Italiane Group **has never stopped in its 100-year history and it did not stop now**, connecting and moving the country every day, guaranteeing customers safe environs and services that meet their needs and providing employees with the tools needed to work well.

At the outset of the emergency, trains were sanitised, infrared thermometers were activated at main stations, hand sanitiser dispensers were installed and train and workshop interiors were brought up to safety standards. Working from home was expanded where possible and distance learning programmes were rolled out, fully embracing digital transformation causes.

The tools provided by the Group allow employees to **work from anywhere and using any device** so that they can continue team activities, organise meetings and stay in contact with their colleagues.

Despite the emergency, many Group employees were on-site every day, putting their skills and enthusiasm to good use to give customers the best possible experience and spread the joy of travelling. Trenitalia had approximately 3,800 regional trains in circulation when Stage 2 began, along with 14 Freccie trains and six Intercity trains between Italy's main cities to permit the essential journeys indicated by the competent authorities.

FS Italiane is Italy's leading industrial Group as regards capital expenditure, giving it the responsibility and the means **to blaze a new trail**, leading Italy towards the future.

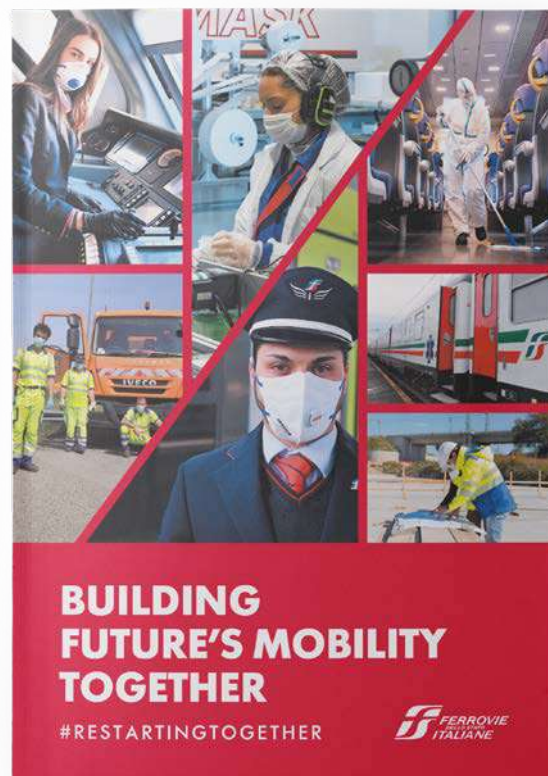
Indeed, from just mid-July to mid-October 2020, around 5 million protective masks were produced for Group employees and the National Civil Protection Service, turning some facilities, such as the National Electrical Equipment Workshop (ONAE) site in Bologna, into production centres for safety devices. This was one of many actions taken by Ferrovie dello Stato Italiane to combat the spread of Covid-19 in order to offer utmost safety levels to its employees and passengers and play its part in the collective fight against the pandemic.

The Group's **forward-looking approach and openness to change have allowed it to see** the emergency as a possibility rather than a restriction, providing it with the tools to decipher the present and rethink the future.

Thus, the **recovery plan** was created by Ferrovie dello Stato Italiane to strengthen its **internal organisation and management, which were greatly impacted by the emergency.**

An **intraGroup task force was set up** for the same purpose. It was put to work as soon as the emergency broke to organise and implement all the measures necessary to obstruct and contain the spread of the virus in the work areas. The task force's efforts were initially focused on guaranteeing workers, customers and station users the best possible health and safety conditions with a view to minimising all risks of infection and ensuring continuity of operations.

For more details on the Group's efforts, initiatives and actions during the emergency, **reference should be made to the annex #RestartingTogether.**



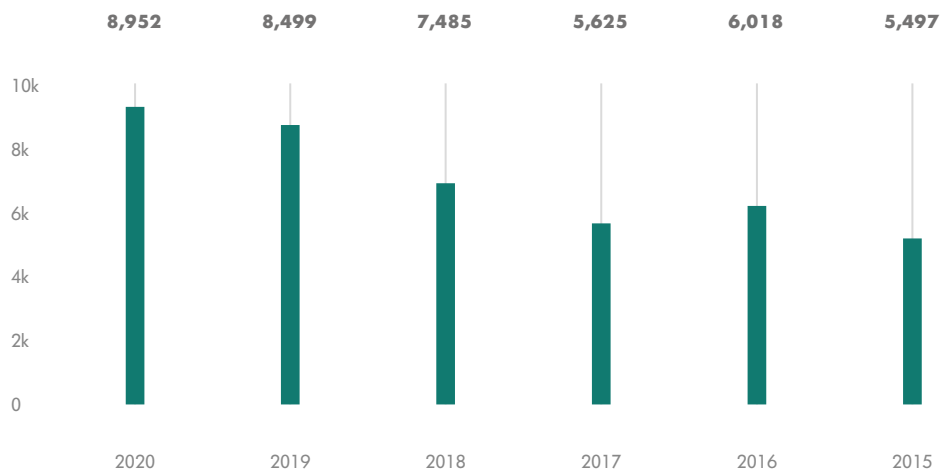
INVESTMENTS TO DEVELOP MOBILITY FOR ITALY

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Despite the economic slump brought about by the pandemic, the FS Italiane Group has managed to continuously increase investments, with an upwards trend in investment spending again in 2020, remaining

one of the largest investors in Italy and supporting the development and renewal of the transport, infrastructure and logistics sector.

FS ITALIANE GROUP INVESTMENTS (IN MILLIONS OF EUROS)*



* Since 2019 they include the contractual advances paid to suppliers by RFI and Anas

The FS Italiane Group's capital expenditure¹⁴ totalled €8,952 million in 2020, up by more than 5% on the recognised investments in 2019, thanks to growth in transport sector investments. Specifically, RFI invested €4,917 million, the Anas Group €2,015 million, Trenitalia €1,417 million, the Busitalia Group companies €152

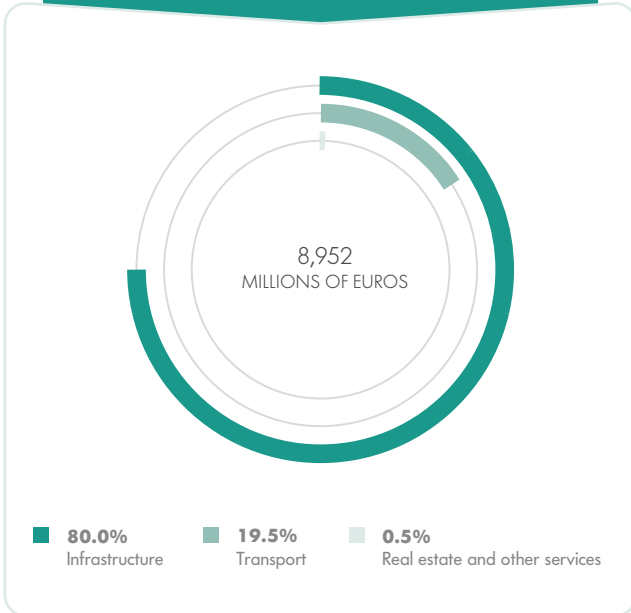
million and, finally, the Mercitalia Group companies €77 million.

The FS Italiane Group's investments prioritised Italy (98%), with only the residual 2% allocated to companies operating abroad.

¹⁴ These include investment programmes and projects (including those through leases or special purpose vehicles) managed by the Group to support business development, in property, plant and equipment, assets under concession or other intangible assets, excluding financial investments (in connection with equity transactions).

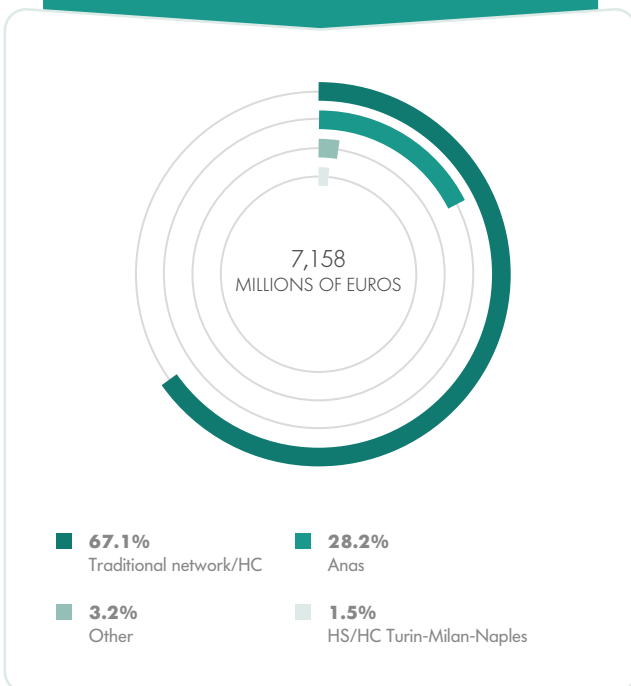
Investments are analysed below by segment.

INVESTMENTS BY BUSINESS SEGMENT

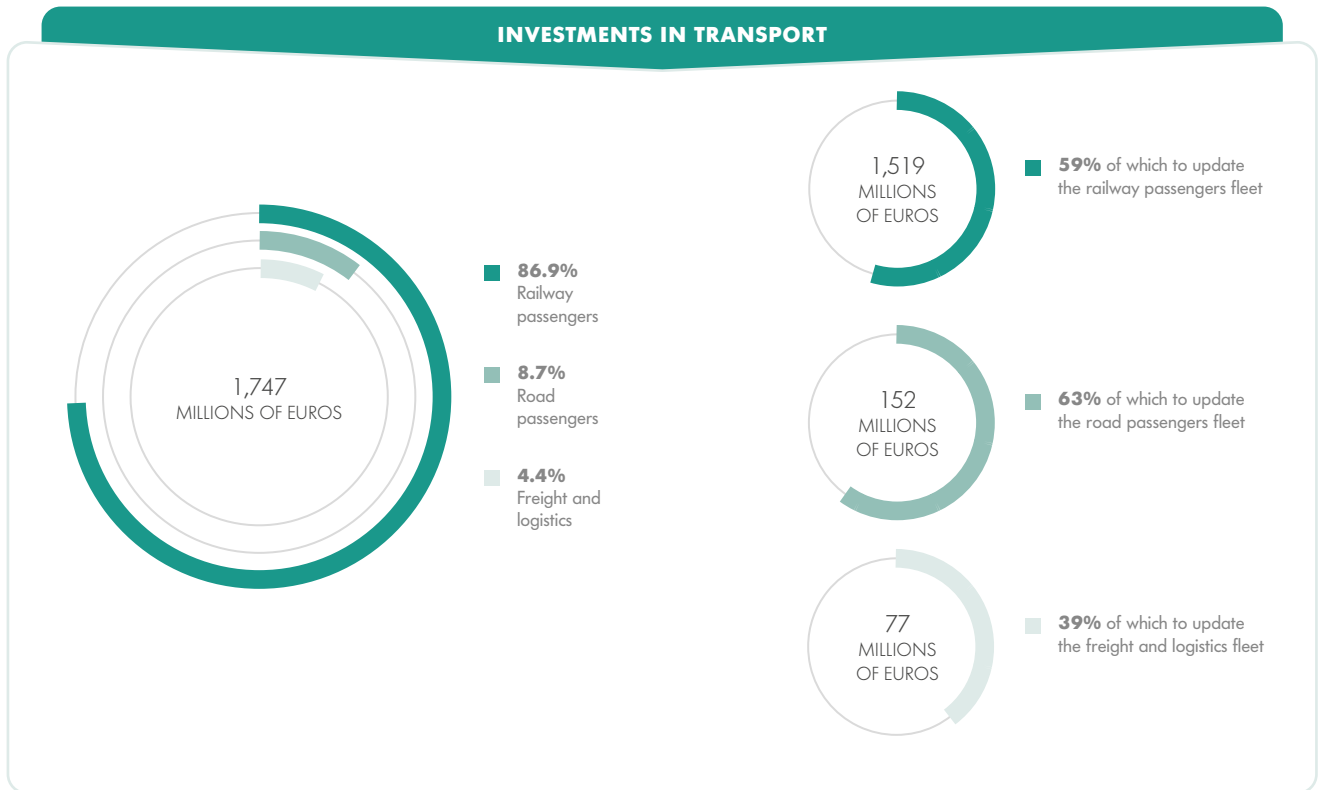


Approximately 43% of investments in the Infrastructure segment were earmarked for safety, technologies and maintaining efficiency (including €240 million to apply last-generation technologies to the railway network), while the remaining approximately 42% went towards new works (roads and rails).

INVESTMENTS IN INFRASTRUCTURE



In the Transport segment, the updating of the railway passenger and freight fleet and the road transport fleet¹⁵ absorbed around 58% of investments (€1,018 million).



In 2020, the FS Italiane Group invested €19.9 million¹⁶ in development, approximately 72% of which in train traffic safety technologies, 27% to research and test

new components and systems and the remaining 1% for environmental and land protection.

¹⁵ Updates for railway passenger and freight transport and logistics included the purchase and revamping of rolling stock.

¹⁶ These investments are classified with those for the Infrastructure segment.

INNOVATION AS AN ACCELERATOR OF CHANGE

Continuous, systemic innovation is a strategic driver for the Group's strengthening of its leadership positions in the sectors in which it operates. Through innovation, the Group aims to offer increasingly higher quality services tailored to the specific needs of passengers, customers and other stakeholders. Innovation covers every link in the Group's value chain, from design, to construction and maintenance and, finally, to the delivery of safe, integrated, made-to-measure transport services.

Faced with a highly uncertain scenario dominated by the pandemic, the FS Italiane Group is even more compelled to rethink and reorganise its services and how it uses the infrastructure, making innovation an accelerator of change.

The Group has started putting together its first innovation plan comprising over 200 innovative projects relating to all Group companies. The plan is based on a framework consisting of four strategic clusters closely linked to sustainability issues (Infrastructure and Land, Aerospace, Alternative Energies, Mobility-as-a-service and new business models) and a cross section of actions including the adoption of a flexible procurement model for startups and innovative SMEs and the definition of a knowledge transfer model to make the most of intellectual property.

The main stages of the second edition of the Group's corporate entrepreneurship programme "Innovate" were held in the year. Focused on sustainability, the second edition begun in 2019 with the Call4Ideas and continued in 2020 with a bootcamp to choose the

ideas and teams for the acceleration process. 3,525 employees actively participated in the programme and the five winning intraGroup teams went on to follow a focused course. The programme was held electronically due to the pandemic and will end with the award ceremony in 2021.

The FS Italiane Group worked with more than 500 startups and innovative SMEs in 2020, doubling the number compared to the previous three years. During the year, the Group also began 13 ground-breaking partnerships with leading innovation players (observers, research centres and universities, incubators, accelerator and venture capitalists, institutions, other companies, etc.) that champion not only the startups and innovative SMEs, but also the innovation ecosystem over which the FS Italiane Group presides.

During the year the Group also held: four Call4Ideas, three hackathons, seven proof of concepts and seven vertical scouting initiatives to meet specific business needs.

It received two innovation awards and remotely participated in over 20 events devoted to innovation.

Finally, in December 2020, the Group kicked off another large project, inaugurating the first two innovation hubs designed to bring together institutions, investors and companies, especially startups. This project is aimed at seizing new business opportunities and finding innovative solutions that respond to the new technological challenges posed by the market.

Innovation Hubs - Termini and Naples stations

The first innovation hub, set up at the Termini station in Rome, will focus on smart cities and direct and coordinate the other hubs to be set up over the next few years scattered throughout Italy. The second hub, devoted to tourism, is in Naples, at the San Giovanni a Teduccio campus of the Federico II University. It will be managed together with Campania NewSteel, an incubator promoted and run by Città della Scienza and the Federico II University.

As part of international planning and research, the Group collaborates with associations and European institutions to help define the future of European research into integrated digitalisation, mobility and logistics. Furthermore, the Group plays an active role in coordinating and participating in research and development projects funded by European programmes like Horizon 2020 and the upcoming Horizon Europe as well as the dedicated Shiff2Rail and the new

Europe's Rail partnerships, which the FS Italiane Group joined as a founding member.

As part of the new Europe's Rail partnership, the Group is committed to supporting the objectives of the New Green Deal to achieve sustainable, inclusive, carbon-free transport. The Group is also active in the New Green Deal through scouting calls for direct participation in dedicated projects.

SUSTAINABLE FINANCE AS A TOOL FOR CHANGE

Recent legislative developments and the growing pressure of public opinion are encouraging collaboration between institutions, the financial sector and businesses to join forces in keeping global warming within the limits of the Paris Climate Agreement and to ensure future generations have the chance to live in a more sustainable world.

The recovery plan, the New Green Deal, taxonomy and sustainable finance drive the shift towards a greener continent, to improve personal well-being and achieve carbon neutrality by 2050.

Aware of its role in Europe, throughout the country and, especially, in the transport sector, the Group has decided to promote increasingly integrated, inclusive, collective and environmentally-friendly mobility (infrastructure and services).

In this context, it has chosen sustainable finance instruments to fund the purchase of rolling stock (for passengers and freight) and, more generally, projects that boost the Group's performance.

In addition to requiring the allocation of the proceeds to sustainable projects, sustainable finance increases transparency with stakeholders through reporting on the ways in which the financing is used and its environmental and social impacts.

To finance projects with positive impacts in terms of environmental and social sustainability, Ferrovie dello Stato Italiane has developed a Green Bond Framework in line with the Green Bond Principles of the International Capital Market Association.

The Green Bond Working Committee was set up on 27 March 2018 to implement and update the Green Bond Framework, with specific regard to the identification and assessment of eligible green projects, which includes holding discussions with the counterparties involved in the analysis of the projects' greenness and the implementation of reporting procedures and management of the proceeds from the bond placements.

Over the course of the past three years, two green bonds¹⁷ were issued for a total of €1.3 billion.

¹⁷ The documentation is available at the following address: <https://www.fsitaliane.it/content/fsitaliane/it/investor-relations/debito-e-credit-rating/green-bond-framework.html>.

With the first issue in 2017, the Group launched a programme aimed at integrating financing decisions with ESG criteria in line with its business model.

The two green bonds financed the purchase of rolling stock for public transport and freight transport:

20 new ETR 1000 trains called **Frecciarossa 1000**
for HS passenger transport;

60 new electric multiple unit trains named **Pop and Rock**
for regional passenger transport;

40 new electric engines
for freight transport;

140 last-generation wagons
for freight transport.



The purchase of these trains and engines helped reduce emissions by approximately 33.6 thousand tonnes of CO₂¹⁸ in two years.

The 60 new regional passenger trains will allow an estimated saving of 270 thousand tonnes of CO₂ up to 2032.

In particular:

- › **the new regional Pop trains** (medium capacity) and **Rock trains** (high capacity) are equipped with high-energy efficiency technologies (e.g., natural ventilation engines, light alloys, LED lights, sensors for optimal air conditioning, smart parking mode, etc.), cutting CO₂ emissions by approximately 20% on the other trains in the same market segment. Furthermore, these trains are 92%-96% recyclable, offer more space and charging stations for e-bikes and are eligible for white certificates (incentives for high-energy efficiency technologies);
- › the **new locomotives** (E494, the most recent model in the TRAXX single-system locomotive family) were designed to reduce energy consumption, vibrations and noise pollution, using new technologies like parking mode and eco-mode (in which consumption is reduced when, inter alia, loads are light), a dynamic braking system (that recovers the energy generated by braking) and a last-generation air conditioning system. The **new wagons** also boast technological features that improve safety (electronic sensors to prevent accidents) and reduce energy consumption (they are approximately 1,400 kg lighter).

With the second green bond, FS Italiane S.p.A. became the first company in Italy to be certified by the Climate Bonds Initiative - a non-profit organisation that promotes sustainable finance around the world as a way of combating climate change.

Demonstrating the Group's interest in using sustainable financial instruments to support investments that reduce the environmental impact of its sector, it has reached a green bond ratio¹⁹ of 29% and a green debt ratio²⁰ of 9%.

Other sustainable finance tools were also used in 2020:

- › green loan - €300 million bank loan from the European Central Bank to purchase new Frecciargento electric trains for passenger transport in line with the European taxonomy criteria;
- › European taxonomy compliant loan - €400 million to purchase new trains for public transport, funded via the EUROFIMA Green Bond programme;
- › climate action loan from the European Investment Bank (EIB) – up to €450 million to purchase new hybrid trains for regional transport, €150 million of which already subscribed by the EIB.

¹⁸ Avoided emissions (in a year) were calculated using real data as the baseline for the ETR 1000 trains and new engines, while the same class of trains on the market was used as the baseline for regional trains. For additional details, reference should be made to the Green Bond Report, which can be downloaded at https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/FS_Italiane_Green_bond_report_2020.pdf.

¹⁹ The total amount of outstanding green bonds (at year end) divided by the total amount of outstanding bonds (five-year average) as per the "Commission guidelines on non-financial reporting: guidelines on reporting climate-related information" issued by the European Commission on 20 June 2019.

²⁰ The total amount of outstanding green debt instruments (at year end) divided by the total amount of outstanding debt (five-year average) as per the "Commission guidelines on non-financial reporting: guidelines on reporting climate-related information" issued by the European Commission on 20 June 2019.





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OUR AGENDA FOR SUSTAINABLE MOBILITY OF THE FUTURE

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Become a mobility business of the future, capable of upholding sustainability principles in its operations, as summarised in the vision, broken down into the three commitments below on which FS Italiane Group’s business model is based.

Economic commitment

Be a mobility leader, driving high-quality and efficient transport and infrastructure services

Social commitment

Lead an integrated mobility plan that promotes fairness, equality and engagement through a virtuous business model

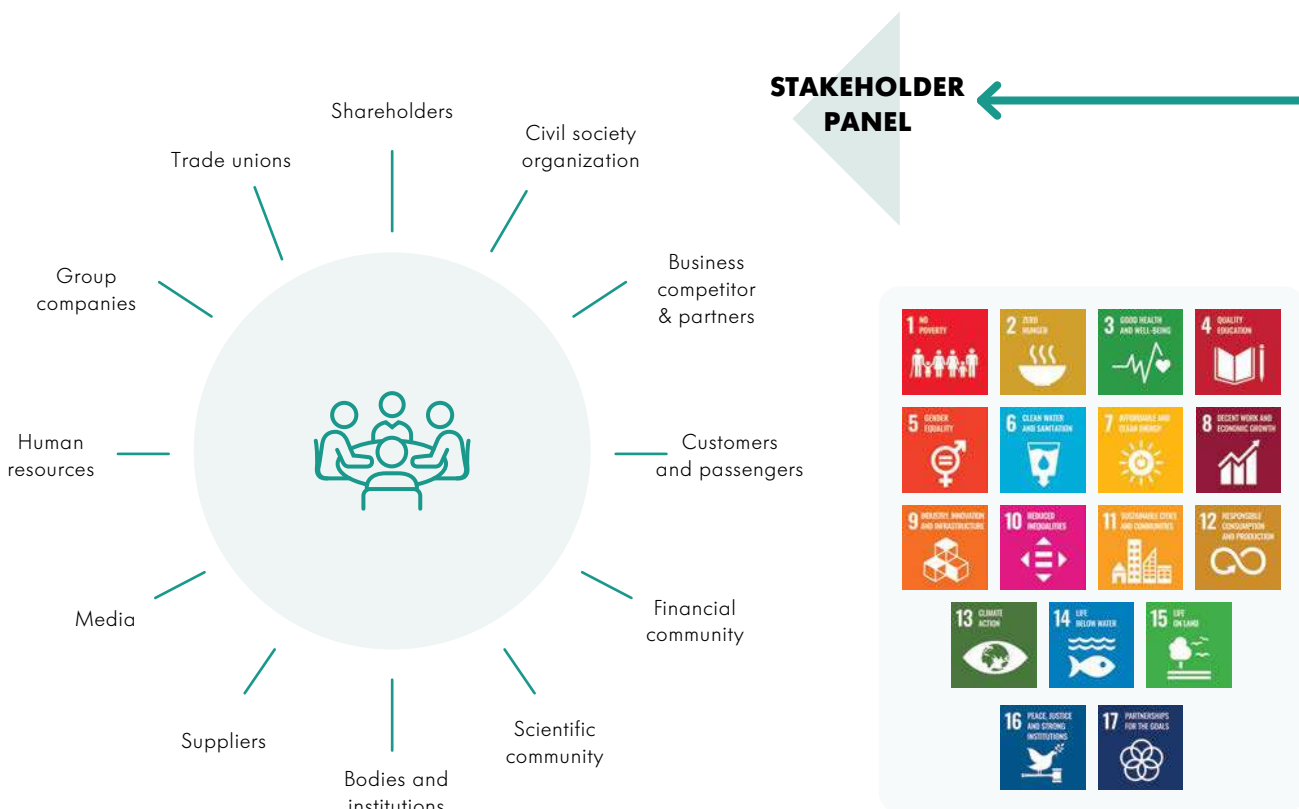
Environmental commitment

Pioneer the development and sweeping implementation of integrated mobility solutions that help regenerate natural capital

This manifesto is the shared bedrock of values underpinning the Group’s decisions, in line with the Agenda 2030 of the United Nations. As the current public health, social and economic crisis gives shape to a future without any linear logic, it is crucial to focus on achieving social and environmental balance to make the FS Italiane Group more resilient.

The business model that the Group has committed to developing in recent years therefore focuses on creating value for the environment and communities by integrating the principles of sustainability in the business strategies.

In this context, it is crucial to engage stakeholders (i.e., passengers, industrial clients, institutions, universities, environmental associations, employees, etc.) in the definition of the Group’s priorities and strategic goals.



OUR VISION

FIRST THREE GOALS (2030-2050)

ENERGY AND EMISSIONS

SUSTAINABLE MOBILITY



SAFETY



MATERIALITY MATRIX

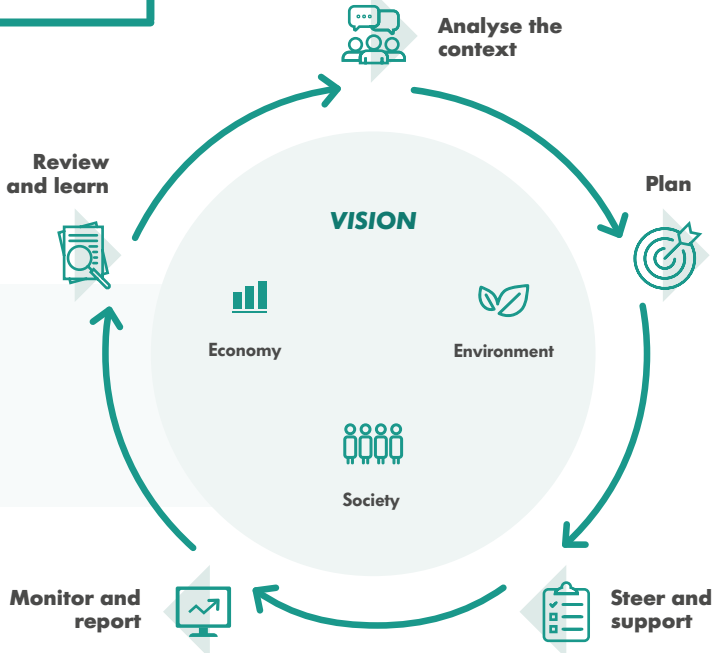


A

- › Circular economy
- › Climate change and air quality
- › Customer satisfaction
- › Ethics, integrity and transparency
- › Occupational health and safety
- › Travel safety

B

- › Employee engagement and care
- › Energy
- › Inclusion and accessibility of services
- › Inclusion, equal opportunities and diversity
- › Infrastructure resilience
- › Innovation and digitalisation
- › Intermodality
- › Personnel recruitment, enhancement and growth
- › Territorial protection



THE DEFINITION OF LONG-TERM GOALS

In 2019, the Group defined its first long-term goals for 2030-2050 on safety, sustainable mobility and energy and emissions.

THE FIRST THREE LONG-TERM GOALS

1 Energy and emissions

Carbon Neutrality by 2050 (including traction)



2 Sustainable mobility

Passengers: 5% modal shift from privately-owned cars to shared public mobility and soft modes of transport by 2030 (15% by 2050), compared to 2015

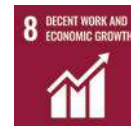
Freight: 50% of transport by roads and 50% of transport by rails by 2050 (for distances over 300 km)



3 Safety

Best in class in Europe. Vision: zero fatalities involving passengers on FS Italiane Group vehicles (trains, buses and other mobility systems), people interfering with the railway ecosystem, FS Italiane Group personnel and employees of contracting companies by 2050

50% fewer fatalities on roads operated by Anas by 2030, compared to 2015



The Group is committed to directly contributing to the achievement of six of the 17 Sustainable Development Goals in the Agenda 2030 of the United Nations, with the goals of:

- › achieving carbon neutrality;
- › becoming the European best in class for safety;

- › driving the modal rebalance in the transport sector by reducing the country's reliance on private cars and road transport, means of transport with high environmental (i.e., pollution and ground use) and social costs (i.e., traffic and road accidents).

Furthermore, in 2020, a process was launched to express the long-term strategic goals described above in concrete commitments and interim targets. This project involved subsidiaries that directly contribute to the achievement of goals and those that act as enablers by providing services to them²¹.

Five preliminary roadmaps have been developed based on the analysis of initiatives that the companies

have kicked off or planned, along with an analysis of the external context (e.g., inputs from external bodies and organisations) and benchmarks of peers and comparables. These five roadmaps (one for each of the five sub-goals for 2030-2050) model the curve for the achievement of specific goals and the analysis of any gaps. The main drivers for the achievement of the goals for 2030-2050 are reported below:

| | Targets | Main measures |
|---|---|--|
| 1 Energy and emissions | Carbon Neutrality by 2050 (including traction) | › Upgrading the train and bus fleet for a lower environmental impact |
| | | › Energy efficiency measures of plants, buildings and stations |
| | | › Self-production and purchase of renewable energy |
| 2 Sustainable mobility | Passengers: 5% modal shift from privately-owned cars to shared public mobility and soft modes of transport by 2030 (15% by 2050), compared to 2015 | › Initiatives to boost intermodality |
| | | › Upgrading the technology and performance of networks and stations |
| | | › Innovation and digitalisation to support services |
| 3 Safety | Freight: 50% of transport by roads and 50% of transport by rails by 2050 (for distances over 300 km) | › Upgrading/improving efficiency of networks |
| | | › Expanding services to new customers |
| | | › Developing partnerships with public and private stakeholders |
| 3 Safety | Best in class in Europe. Vision: zero fatalities involving passengers on FS Italiane Group vehicles (trains, buses and other mobility systems), people interfering with the railway ecosystem, FS Italiane Group personnel and employees of contracting companies by 2050 | › Eliminating railroad crossings |
| | | › Developing and/or implementing safety systems |
| | | › Security initiatives |
| 3 Safety | 50% fewer fatalities on roads operated by Anas by 2030, compared to 2015 | › Strengthening widespread safety culture |
| | | › Technological innovation initiatives (e.g., installing speed tutor systems and implementing smart roads) |
| | | › Implementing smart barriers |
| 3 Safety | 50% fewer fatalities on roads operated by Anas by 2030, compared to 2015 | › Upgrading/installing signs in tunnels |

²¹ Trenitalia, RFI, Busitalia Sita Nord, Anas, Polo Mercitalia, Italferr, Ferrovie del Sud Est, Ferservizi, FS Sistemi Urbani, NUGO, Fercredit, FS Technology and Italcertifer.

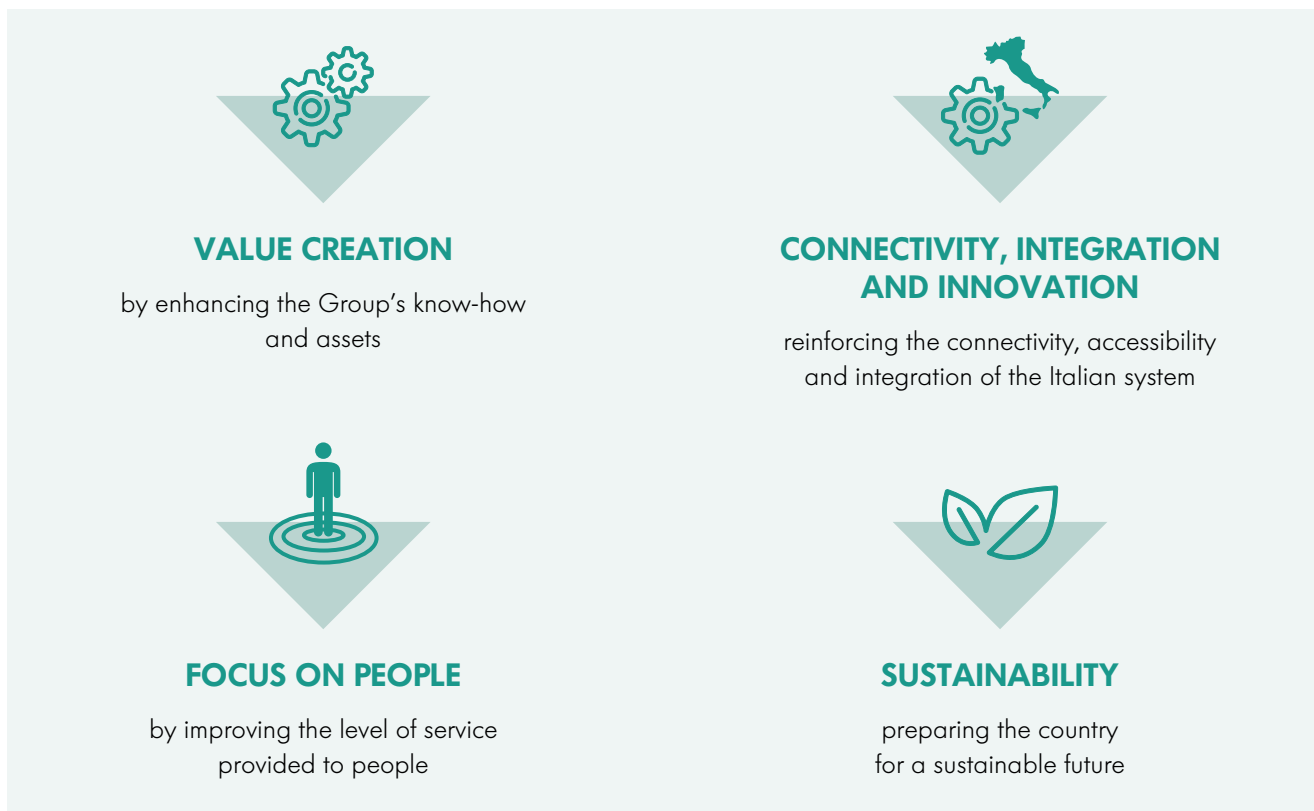
In drafting the 2019-2023 business plan, **the FS Italiane Group identified the following structural issues that characterise the passenger and freight transport market in Italy:**

- › imbalance between public and private transport, creating the need to redefine the mix in favour of public and/or shared means of transport;
- › gaps in rail connectivity and infrastructural integration which hinder the introduction of seamless

intermodal services that would improve the customer experience and reap clear benefits with regard to the modal shift mentioned in the previous point;

- › increasingly important and widespread role of technological innovation and sustainability principles.

To find an effective solution to these issues, the FS Italiane Group set out a medium/long-term programme to follow, **based on the following strategic cornerstones:**



2020, the middle year of the business plan, brought COVID-19 and a resulting unprecedented shock to all sectors of the global economy, especially the transport sector.

The sweeping uncertainty and limitations to mobility caused by the public health emergency were huge enough to impact the behaviour of individuals and organisations and pervasive enough to leave a slight glimpse of a "new normal" which, however, has not yet

been fully defined as, to date, the state of emergency is by no means behind us yet.

The pandemic had the passenger transport sector on the ropes. It was one of the worst affected by the crisis due to upheavals in the public's mobility and transport habits. Considering all means of transport, 2020 saw a roughly 35% slump in demand in Italy compared to the previous year. Specifically, looking at just rail transport, there was a collapse in medium/long haul journeys while the use

of private transport hugely outweighed public transport for short haul journeys.

Even once the crisis has been overcome, **volume growth will be slow** and it will be an estimated two/three years before passenger transport returns to 2019 levels.

Freight transport also felt the effects of the pandemic, though to a lesser extent than passenger transport. In particular, rail transport showed the greatest capacity to endure the fall in demand, demonstrating its structural resilience. Also in terms of recovery forecasts, freight transport is expected to **bounce back much more quickly**, with 2022 expected to see a return to 2019 levels of freight traffic.

The ongoing pandemic has caused a **dramatic operational and strategic disruption** while also creating the **opportunity to begin a transformational resilience process** from which the FS Italiane Group will emerge stronger than before, having overcome the uncertainty and harnessed the experience it has gained. This extremely uncertain and volatile context has required profound reflection on the direction that the sectors in which the Group operates will take in the medium to long term. In addition to identifying the actions to relaunch the business, this reflection has outlined the role that the

FS Italiane Group could play within the country to drive the mobility of people and things over the next decade.

The pandemic revolutionised the world of mobility, generating new economic, social and technological trends which will shape the new normal with increasingly more tailored customer preferences and needs. The important results reached by the Group to date lay a solid base upon which to build the foundations for the future, contributing to safer and more sustainable mass transport and creating economic value (transport and infrastructure service quality and efficiency), social value (promoting a fair and participatory society) and environmental value (regenerating natural assets) for the new generations.

Innovation, digitalisation and sustainability will continue to be three factors driving the way forward which will strengthen the FS Italiane Group's standing as a mobility service provider on a multi-modal platform integrated into the transport eco-system.

In this time of deep uncertainty of the Italian economy crushed by the COVID-19 pandemic, **the desire to restart and look to the future is well defined in the FS Italiane Group's strategy** which continues to target creating value for the country.



TRANSPARENCY AND BUSINESS RESPONSIBILITY

103-2 103-3

The world around us is changing. In order to continue to grow and contribute more and more to the development and well-being of the countries where we operate, we must look ahead, understand the trends and forces that will shape our Group in the future and act quickly to get ready for what is to come.

We must be ready for the future now.

On this journey towards the future, **sustainability, responsibility,**

transparency, ethics and integrity are the principles that guide the Group in the creation of governance processes and that inspire it to continue growing and increasingly contributing to the development and well-being of the countries in which it operates.

The values and rules of conduct in the Code of Ethics reflect **our commitment to ensuring that all people in or outside the Group always act lawfully and ethically.**

Integrity and honesty

Integrity and honesty can be seen in both big decisions and daily choices. They mean more than just following the rules, which alone does not suffice; they entail sincere, upstanding and transparent conduct that makes you feel good about what you're doing, even when no one is watching. They are the foundation of proper conduct and clear, coherent communication.

Responsibility and awareness

Responsibility is in the DNA of our people. It is the awareness of the important role that each of us holds for passengers, colleagues and the places where we operate. We are aware of the safety and value of our passengers, our people, vehicles and infrastructure, the environment and local communities.

Passion

We are passionate about our work, even if we know how tiring and demanding it is. We aim for excellence, doing our best and improving over time. This makes us the Group's best ambassadors at all times.

Courage and self-criticism

All great innovations originate from the courage to change and the ability to integrate diversities. Our actions are always aimed at innovation, we accept ideas different from ours and we transform mistakes in opportunities to grow and improve.

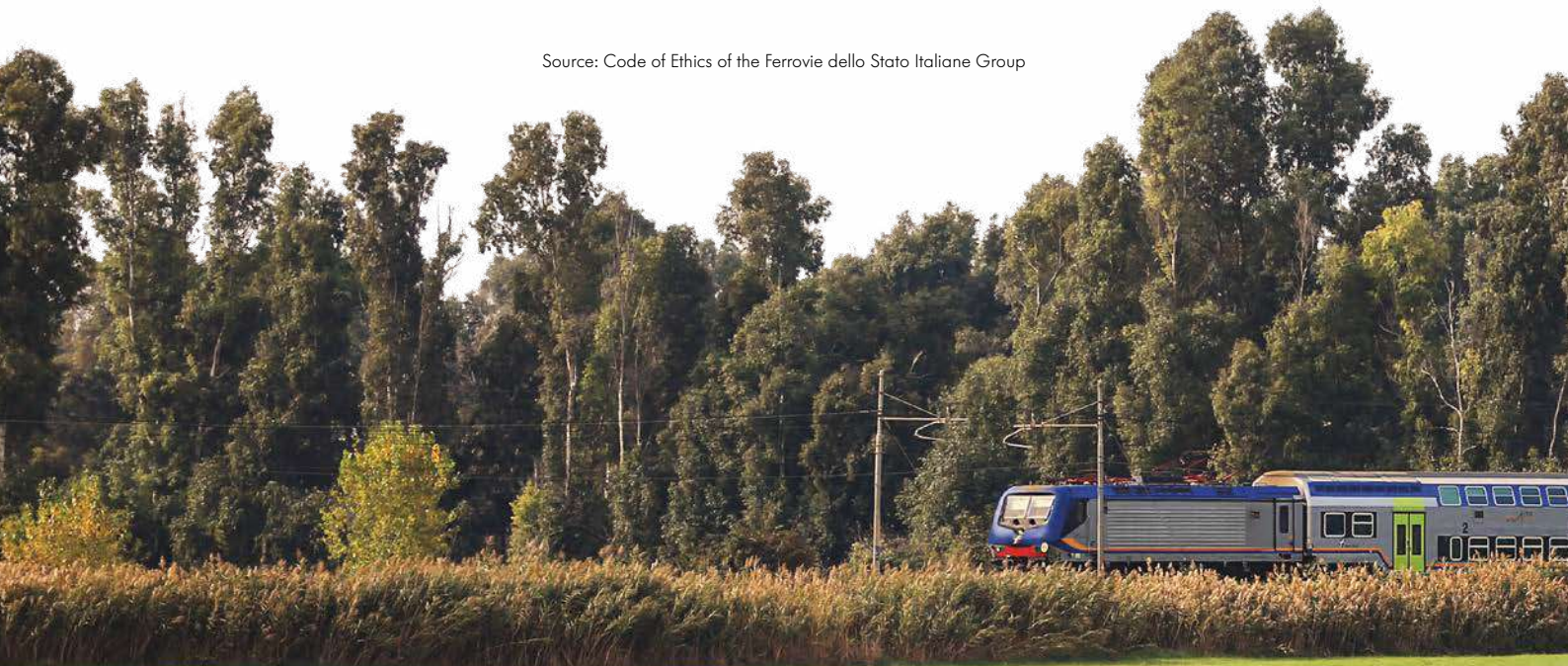
Openmindedness and respect

To be openminded and respectful means to consider diversities as a resource, to welcome them as a stimulus for sparking creativity and an opportunity to understand those around us, be they colleagues, customers or any other person. They are values at the basis of fairness and merit recognition.

Teamwork

We belong to a team capable of facing great challenges by working together in a coherent and integrated manner. To be a team also means to collaborate in a climate of openmindedness based on constructive participation and feedback for our mutual well-being.

Source: Code of Ethics of the Ferrovie dello Stato Italiane Group



CORPORATE GOVERNANCE

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The corporate governance structure of FS Italiane S.p.A. and its main subsidiaries is organised according to the traditional system: the shareholder appoints a board of directors (the parent's board of directors is responsible for management and is currently comprised of seven directors) and a board of statutory auditors (the parent's board of statutory auditors is responsible for controls and is currently comprised of three standing statutory auditors and two alternate statutory auditors). The shareholder also appoints the independent auditors²², responsible for performing the statutory audit. Pursuant to article 12 of Law no. 259/1958, the Court of Auditors' Magistrate appointed to audit FS Italiane S.p.A. attends the meetings of the board of directors and the board of statutory auditors, integrating the corporate governance system.

In accordance with the by-laws, the board of directors: (i) appoints a CEO; (ii) may assign proxies to the chairperson,

with the shareholder's approval, with respect to issues that may be delegated by law; (iii) sets up committees, where necessary, to provide consultation and make proposals (two committees were set up in FS Italiane S.p.A.: the Remuneration and Appointment Committee and the Audit, Risk Control and Corporate Governance Committee); (iv) appoints the Manager in charge of financial reporting. The board also appoints the general director (the general director's responsibilities have been assigned to the CEO).

The following chart represents FS Italiane S.p.A.'s corporate governance structure.

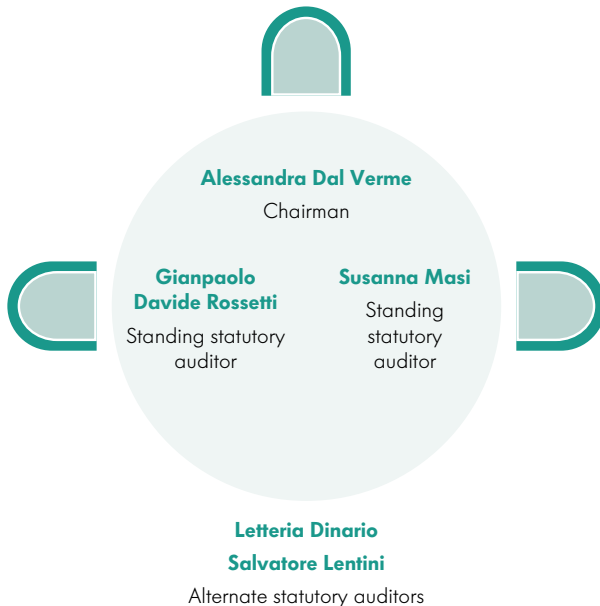
Additional information is given in the Group's 2020 Annual Report (Directors' report, Report on corporate governance and the ownership structure).

²² KPMG S.p.A. was engaged to perform the statutory audit for both the parent and the subsidiaries beginning from 2014. Based on the applicable special provisions provided for by Legislative decree no. 39/10 (article 16 and subsequent articles), after FS Italiane S.p.A. became an "entity of public interest" by issuing the listed bond in 2013, the engagement lasts for nine years (2014-2022).



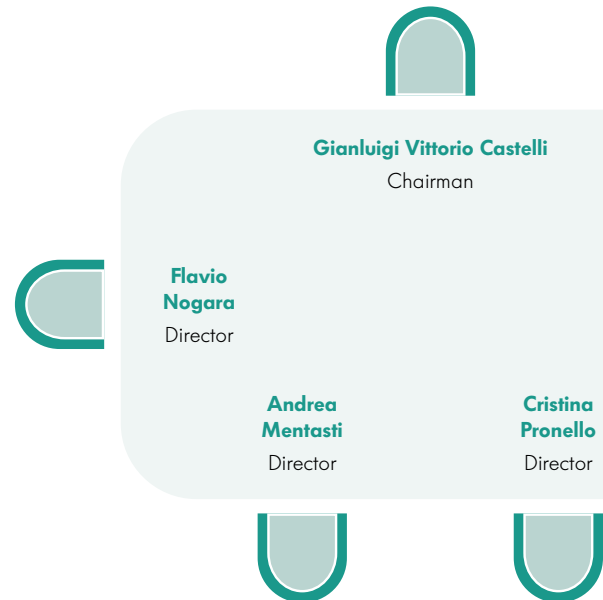
Board of statutory auditors

The board of statutory auditors monitors compliance with the law, the by-laws and the principles of correct administration, particularly with respect to the adequacy of the parent's organisational, administrative and accounting system and that it functions properly. When the parent became an entity of public interest, its board of statutory auditors also became the "Internal Control and Audit Committee" pursuant to article 19 of Legislative decree no. 39/2010, responsible for supervising financial reporting, the efficiency of internal control systems, internal audit and risk management, as well as the statutory audit and, finally, the independence of the independent auditors, especially with regard to the type of any non-audit services provided to the audited company.



Board of directors

Has exclusive powers for the Group's financial and strategic aspects and the appointment of the strategic subsidiaries' boards of directors and boards of statutory auditors.



INDEPENDENT AUDITORS

KPMG SpA

COURT OF AUDITORS' MAGISTRATE

Giovanni Coppola

Cristiana Rondoni*
Delegate

AUDIT, RISK CONTROL AND CORPORATE GOVERNANCE COMMITTEE

Vanda Ternau (Chairwoman), Flavio Nogara and Cristina Pronello are the members of this committee, which is responsible for providing proposals and advice to the board of directors in the latter's assessments and decision on the internal control and risk management system, its approval of periodic financial reports and assessments on the size/composition of the board itself. The committee also advises the board on the parent's and the Group's corporate governance and social responsibility.

GREEN BOND COMMITTEE

The Green Bond Committee implements, maintains and updates, where necessary, the Green Bond framework, with specific regard to the identification and assessment of eligible green projects, holding discussions with the counterparties involved in the analysis of the projects' greenness and the implementation of reporting procedures and management of the proceeds from the bond placements.

FOREIGN INITIATIVES COMMITTEE

This committee is responsible for: updating the programme team on the strategic direction and guidelines suggested by stakeholders for development on international markets; evaluating development initiatives/projects abroad that are of interest to the Group, as proposed/recommended by the companies and/or evaluating the scouting activities of the relevant structures; validating the programme team's proposals for how to participate in initiatives/projects of interest to the Group and its proposed alliance strategy for participation in tenders and partnerships, if any, to gain a local presence; monitoring the progress of Group projects based on periodic updates; and deciding whether any corrective action needs to be taken.

ETHICS COMMITTEE

This committee carries out advisory activities and sets guidelines within the framework of the principles and rules of the FS Italiane Group's Code of Ethics. Its main responsibility is to clarify the meaning and application of the Code of Ethics and propose any improvements, examine any reports received, promote the appropriate investigations and provide support in the definition of ethics communication/training initiatives.

INVESTMENTS COMMITTEE

This committee provides guidelines on investments and divestments, directing the ferrovie dello Stato Italiane Group's planning process, expresses fairness opinions on the investment and divestment plan, monitors the development of the plan and proposes any corrective action to be taken.

IT SYSTEMS AND INFORMATION SECURITY COMMITTEE

It steers the FS Italiane Group's data security strategies, makes proposals to Group companies for critical business processes in relation to emerging risks with respect to the use and management of IT resources, monitors IT initiatives and evaluates and approves proposals for the regulation of evaluations and certifications with respect to the security of information and IT systems.

SUSTAINABILITY COMMITTEE

The Sustainability Committee guarantees the integration of social and environmental aspects in the Group's economic-financial strategies and promotes the values and principles of sustainable development, in line with stakeholders' needs and expectations.

*As resolved at the meeting held on 3 November 2020, with effect from 1 January 2021, Director Roberto D'Alessandro was assigned the duties of the deputy supervisor overseeing the parent's financial management pursuant to article 12 of Law no. 259 of 21 March 1958. Director Roberto D'Alessandro therefore replaces Director Cristiana Rondoni.

**Permanent programme team that provides strategic oversight of development initiatives in the Group's interests abroad.

Age diversity

Six members over 50
One member aged between 30-50

Gender diversity

Three female members
Four male members



Gianfranco Battisti
CEO and general director

Federica Moraci
Director

Vanda Ternau
Director



Marcello Torregrossa
BoD Secretary

Shareholder's meeting

Attended by the sole shareholder, the Ministry of the Economy and Finance, which exercises the shareholder's rights in agreement with the Ministry of Infrastructure and Transport.

231 Supervisory Body***

Carlo Piergallini
Chairman

Sergio Romiti
Gustavo Olivieri

Manager in charge of financial reporting

Roberto Mannozi

**MANAGEMENT**

| | |
|---|---|
| Institutional and Regulatory Affairs | Company Security |
| Administration, Financial Statements, Tax and Control | Human Resources and Organisation |
| Audit | Strategies, Planning, Innovation and Sustainability |
| External Communication | General Counsel, Corporate Affairs and Compliance |
| Finance, Investor Relations, Insurance and Assets | Risk Management |
| FS International | |

REMUNERATION AND APPOINTMENT COMMITTEE

Francesca Moraci (Chairwoman), Flavio Nogara and Vanda Ternau are the members of this committee, which provides proposals and recommendations to the board of directors with respect to, inter alia, the criteria and procedures for the appointment of key managers and the management and control bodies of the companies directly controlled by FS Italiane S.p.A., the co-opting of FS Italiane S.p.A.'s directors, remuneration and incentive system guidelines and criteria and the remuneration of FS Italiane S.p.A.'s CEO and Chairman (if they have operational duties).

SOD (SEGREGATION OF DUTIES) COMMITTEE

It is an advisory and steering body with respect to the segregation of duties. This committee is also responsible for defining, validating and safeguarding the Group's SoD risk matrix, analysing and monitoring the implementation of the appropriate remediation actions to manage/resolve SoD risks that are detected throughout many Group companies' staff processes.

CREDIT

The Credit Committee monitors 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.

EQUAL OPPORTUNITIES

This committee promotes initiatives and pro-active measures to offer women workers more favourable working conditions and work distribution, to help them achieve a better work/family balance.

FOREIGN CRISIS MANAGEMENT COMMITTEE

It 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.

231 STEERING COMMITTEE

This committee steers the work of the 231 team and assesses its proposals. The 231 team was set up in 2017 to provide the parent with permanent, expert, technical support on the updating of FS Italiane S.p.A.'s organisational, management and control model, defined pursuant to Legislative decree no. 231/2001, and to guarantee a periodic flow of information to the CEO and general director, the Supervisory Body and other control bodies.

LEGAL PROTECTION

It provides legal assistance to employees who have decided to take legal action after having been, in the performance of their work duties and/or in any case in relation to their work duties, victims of violence by identified or unidentified third parties.

ITALY'S JOINT COMMITTEE ON TRAINING FOR THE FS ITALIANE GROUP/PILOT COMMITTEE

It 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 parties; monitoring their performance and checking the success of completed initiatives; drafting and signing memoranda of understanding to obtain loans and borrowings.

VILLA PATRIZI COMPLEX

It promotes discussion between the owner, the property manager and the tenants for more effective and efficient management of complex real estate issues.

Legenda

COMMITTEES

OTHER COMMITTEES

*** On 17 December 2020, FS Italiane S.p.A.'s board of directors amended the company's 231 Model and by-laws of the Supervisory Body in relation to the composition of the Supervisory Body. In its new form, the Supervisory Body consists of three members, of which: (i) at least two members from outside the Group, one of whom - with specific expertise in Legislative decree no. 231/2001 - is also appointed chairman, and (ii) another member from outside the Group or, alternatively, the head of Internal auditing in office. An external member other than the chairman may be a member of the board of statutory auditors. On the same day, the board of directors appointed the new Supervisory Body (with a three-year term ending 17 December 2023), comprised as follows: Rocco Blaiotta as chairman and Maurizio Bortolotto and Umberto La Commara as external members.

As the parent and in full compliance with applicable regulations, **Ferrovie dello Stato Italiane S.p.A.** (the “parent”), which is wholly owned by the state through the Ministry of the Economy and Finance (the “MEF”), mainly handles the strictly **corporate activities that are typical of a holding company** for a Group of companies operating in Italy and abroad, while its investees retain their independent legal responsibilities. FS Italiane S.p.A. **is focused on generating value for stakeholders, pursuing environmentally, socially and economically sustainable development based on the principles of lawfulness, ethics, integrity and transparency**²³.

Within the Group, **FS Italiane S.p.A. outlines Group strategies by establishing strategic guidelines for its subsidiaries**, while the operating companies are responsible for managing and developing their respective businesses in accordance with the strategic guidelines established by the parent and highly specialised technical companies and/or service companies provide services to the Group - in accordance with the principles of cost effectiveness, efficiency and quality - and, where applicable, to the market as well.

Over time, the development of the Group’s domestic and international businesses has led to the creation of sub-holding companies for Groups of investees operating in the same business segments to ensure the integrated implementation of the parent’s strategic guidelines and coordination of similar business areas.

As part of its steering activities, the parent defines the Group’s corporate governance system and organisational model in line with the Group’s defined strategic goals, examines and checks the consistency of the subsidiaries’ strategic business plans with the Group’s strategic plan, and manages institutional affairs with the government, considered in the broadest sense (central government, ministries, regions and public administrations in general).

The parent’s steering activities are aided by a general performance monitoring system, which uses indicators and parameters of strategic results, in compliance with principles of sustainability, lawfulness and overall fairness of the management and application of the guidelines and policies defined. They are also aided **by the promotion of strategic projects** for the Group such as those in the field of innovation, sustainability and tourism, aimed at creating added value for Group companies and for the development of the country, enhancing internal know-how and experience and attracting new know-how and experience from outside the Group, and **by the definition and development of change management initiatives** to support the Group’s strategic and technological growth.

The **parent also steers and coordinates** cross-sectional (or staff) processes functionally by having Group process owners supervise processes and the specialised tasks of each professional family, with respect to the same functions carried out by the subsidiaries, in order to achieve synergies, capitalise on shared experience and maximise the integration of professional expertise. The objective is, among other things, to optimise processes and make them more efficient. The **Group process owners**²⁴ are the senior level unit managers, the CEO and general director and chairman of Ferrovie dello Stato Italiane S.p.A..

With regard to the processes under their responsibility and with the specialised and methodological support of competent unit of the parent’s Human Resources and Organisation Department, the Group process owners: update Group policies, guidelines, procedures and methodologies; perform a preliminary analysis of the companies’ organisational documents of the companies to check their compliance with Group policies/guidelines and to provide methodological support, if necessary; monitor the implementation of such guidelines; identify and define professional standards for the relevant area/professional Group

²³ Group measure no. 288/AD of 16 April 2020 “FS Italiane Group compliance model”.

²⁴ In specific cases, the role of Group process owner is formally allocated to a Group company highly specialised in technology (e.g., FS Technology).

and set parameters for updating the skills of the relevant professional Group; ensure that company organisational models for general Group processes comply with the guidelines.

The governance regulations also include the possibility that the parent's organisational structures can oversee general Group processes centrally for Group companies, except in cases where company-level oversight is needed for sensitive staff processes that require segregation of duties and responsibilities between infrastructure and transport activities. The parent provides centralised management of activities in the form of a service to subsidiaries regulated via specific intraGroup service contracts. In compliance with relevant legislation, the activities that the parent carries out regarding Group companies as part of its oversight role do not fall under intraGroup service contracts.

The FS Italiane Group ensures its stakeholders that the Group is managed in line with the strategic goals. To this end, the parent spurs Group companies to adopt suitable internal control and risk management models. With regard to preventing risks as per Legislative decree no. 231/2001, FS Italiane Group companies adopt their own organisational, management and control models, make sure they are actually implemented and updated and set up supervisory bodies, with independent powers to act and control, responsible for monitoring that the models function and are complied with and for updating them. The parent dictates the requirements and criteria for the appointment of the supervisory body members.

FS Italiane S.p.A.'s organisational structure (in terms of organisational units/positions, missions and responsibilities, title and workplace location) and its variations are formalised and reported via organisational measures. Specifically:

- › the CEO and general director of FS Italiane S.p.A. signs and authorises the organisational measures regarding the units/positions that report directly to him;
- › the Chairman of FS Italiane S.p.A. signs and authorises the organisational measures regarding the Central Audit Department;
- › the department heads who directly report to the CEO and/or the chairman together with the head of the Human Resources and Organisation Department sign and authorise the organisational measures regarding variations to their respective departments.

This process ensures that the CEO's ordinary and extraordinary management responsibilities, including economic, environmental and social responsibilities, are deployed along the hierarchical chain.





SUSTAINABILITY GOVERNANCE

We believe that economic development, social inclusion and environmental protection can be pursued only through good sustainability governance. This is why we have defined and adopted a sustainability governance model and made the highest internal governance body,

FS Italiane S.p.A.'s board of directors, accountable for it. In 2016, we established a Group Sustainability Committee to advise the Group's CEO (as chairman of the Sustainability Committee), guaranteeing the integration of sustainability principles in business strategies.

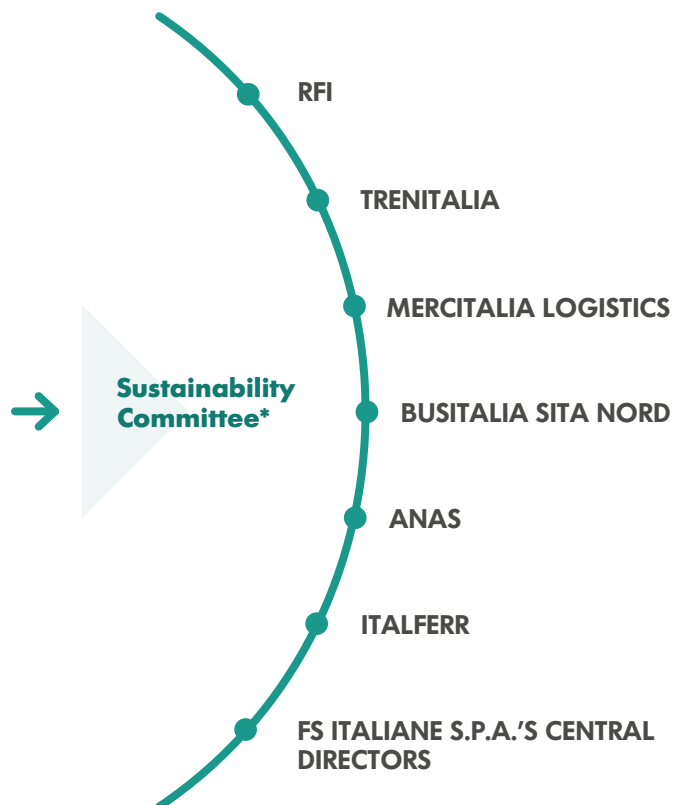
Board of directors

The board examines and approves strategic, business and financial plans, including the business plan, which includes objectives and guidelines to promote a sustainable business model and create long-term value. The board is responsible for approving the Sustainability Report and the consolidated non-financial statement pursuant to Legislative decree no. 254/16 (NFS), with the Audit, Risk Control and Corporate Governance Committee's prior approval.



CEO and general director

The chairman of the Sustainability Committee, assesses and approves the proposals of the board of directors regarding the integration of social and environmental aspects in the Group's strategies, including through dialogue with stakeholders, examines and validates the draft Sustainability Report.



Central Strategies, Planning, Innovation and Sustainability Department

It defines guidelines, methodologies and models for the proper implementation of sustainability policies and also acts as **technical secretary for the Sustainability Committee**.

* With Group organisational measure no. 47/AD of 15 April 2020, which fully replaced Group organisational measure no. 25/AD of 22 March 2019, the members of the Sustainability Committee were renewed.

In 2020, the Group **began a change management process on sustainability issues via a series of meetings with leading operating companies** to illustrate the main features of the Sustainability governance model, the Group's current organisational structure in charge of the process (organisational units and professional profiles) and the main guidelines to be followed to identify and implement possible actions **aimed at protecting sustainability's central role in the future of the Group.**



To reinforce the awareness and stimulate the commitment of senior management and the Group's Sustainability Committee regarding the underlying reasons behind the change needed to tackle recovery and to identify and describe why sustainability issues have a strategic value for the FS Italiane Group, the induction programme²⁵ continued in 2020 for:

- › the Sustainability Committee;

- › the boards of directors of the main Group companies²⁶;
- › over 200 managers, including the CEOs and management of Italian and foreign direct and indirect subsidiaries.

Planning is proceeding for a new induction programme in 2021, designed for the new boards of directors of Group companies and a broader slice of Group personnel.

²⁵ The first induction cycle was organised in 2016 for just the Board of Directors of FS Italiane S.p.A. and the Sustainability Committee.

²⁶ In 2020, the Boards of Directors of Anas, Ferrovie del Sud Est e Servizi Automobilistici, Ferservizi, FS Sistemi Urbani, Italferr and Mercitalia Logistics took part in the induction; in 2019, the Sustainability Committee and the Boards of Directors of RFI, Italferr and Trenitalia.

UN'IMPRESA SOSTENIBILE

OBIETTIVI PER LO SVILUPPO SOSTENIBILE

IL NOSTRO IMPEGNO PER L'AMBIENTE

PROMUOVIAMO UNA SOCIETÀ EQUA E PARTECIPATA

QUESTO È UN VIAGGIO NEL NOSTRO FUTURO. SCOPRI LA SOSTENIBILITÀ IN FS, GUARDA LE CLIP.

Il cammino verso la sostenibilità è un cammino di tutti. Scelte differenti di ognuno di noi, sia sul lavoro, sia nella vita di tutti i giorni, possono fare la differenza.

Scopri su we cosa vuol dire Sostenibilità per noi di FS.

**FS
FARE SOSTENIBILITÀ.**

**FERROVIE
DELLO STATO
ITALIANE**

This is a journey into our future.

Discover sustainability at FS, have a look at the video clips.

The way to sustainability is everyone's journey. If we all make different choices, both at work and in everyday life, we can make a difference.

Discover what sustainability means for FS.



Finding balance between the necessity to make profits and the need to protect the environment, ensuring fair distribution of resources while also improving the society we live in. This means **being sustainable** and is the commitment that FS and Group companies have been pursuing for many years. To this end, a **multimedia journey** was formed to help understand how to be sustainable. These four video clips, each focused specifically on an issue, were circulated within the Group. **The companies and sustainability, the international scene, natural capital, the value of people and dialogue with stakeholders:** a journey to understand exactly what being a sustainable company means.

BUSINESS INTEGRITY

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207-2

207-3

403-1

We promote a company culture based on integrity, ethics, loyalty, probity, transparency and respect for the law, which are determinant principles in governing the complexity, encouraging knowledgeable decisions. We prevent and abstain from any situation presenting a conflict of interest and repudiate and discourage any form of corruption at any level in Italy or abroad. To ensure

transparency with stakeholders in the management and control of the business, we have defined best practices **through a solid system, consisting of rules, tools, activities, procedures and organisational structures, to protect the Group's reputation and integrity and the same stakeholders.**

INTERNAL CONTROL SYSTEM

The internal control and risk management system is a series of tools, organisational structures, standards and rules aimed at sound 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.

FS Italiane S.p.A. uses the internationally renowned Internal Control Integrated framework (the "CoSO Report"²⁷) as its reference framework for the implementation, analysis and measurement of the internal control and risk management system.

The internal control and risk management system consists of the following three control levels:

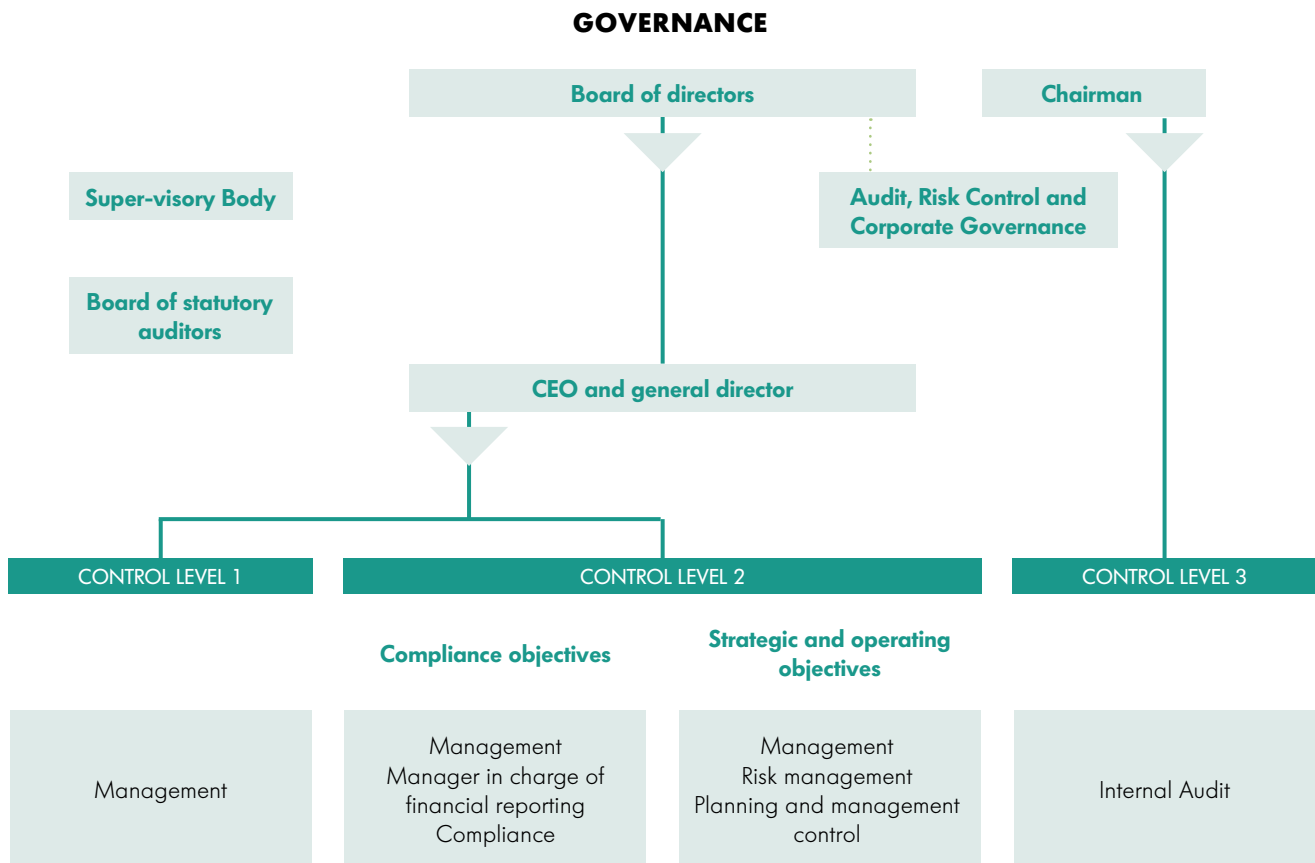
- › **Control level 1:** to ensure the correct performance of operations and an adequate response to the related risks. These activities include periodically checking the effectiveness and efficiency of the design and functioning of controls to: i) ensure that they are tailored to their objectives, ii) check that they are updated to any changes in operations, iii) identify

and promote any improvement actions. Management is responsible for defining and conducting these controls.

- › **Control level 2:** 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 functioning of controls (for main risks). Control level 2 also supports 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 financial reporting conduct the level 2 controls.
- › **Control level 3:** to provide independent and objective assurance on the adequacy and effective functioning of the level 1 and 2 controls and, in general on the overall ICRMS. Independent, non-operating units, such as the Internal Audit Department, perform level 3 controls.

A brief description of the duties and responsibilities of the main parties involved in the internal control and risk management system is given below:

²⁷ "Internal Control – Integrated Framework" published by the "Committee of Sponsoring Organizations of the Treadway Commission".



The manager in charge of FS Italiane S.p.A.'s financial reporting

In 2007, upon the shareholder MEF's explicit request, FS Italiane S.p.A. created the position of "manager in charge of financial reporting" on a voluntary basis, and the position became legally mandatory in 2013 pursuant to article 154-bis of the Consolidated finance act when the parent subsequently issued bonds listed on the Irish 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".

The manager in charge of financial reporting is responsible for establishing adequate administrative and accounting procedures for the preparation of the separate and consolidated financial statements and issuing, jointly with the CEO, attestations on the adequacy of the control systems.

The manager in charge of FS Italiane S.p.A.'s financial reporting defines and updates the Group's financial reporting control model ("262 Model") in accordance with aforementioned article 154-bis of the Consolidated Finance Act and international standards (CoSO Report "Internal Control – Integrated

Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission). The model requires that the parent and main subsidiaries have managers in charge of their financial reporting. The manager in charge of FS Italiane S.p.A.'s financial reporting defines the Group's annual action plan and monitors its compliance with Law no. 262/2005. This manager also issues guidelines for the preparation of administrative/accounting procedures, audits on their adequacy and whether they are operational and the issue of attestations on the internal financial reporting control system. The managers in charge of the various companies' financial reporting implement and maintain the internal financial reporting control systems, continuously exchanging information with the parent's manager in charge of financial reporting. The 262 process consists of the following annual stages: definition of in-scope companies and processes, process mapping, risk and control assessments, issue/review of procedures, self-assessment to check that the controls are designed adequately and that they are effectively operational, independent tests, assessment of weaknesses and definition of action plans and attestations.

Compliance

The Compliance Unit ensures that the compliance model framework is defined and updated, identifying the methodological standards for carrying out activities at Group level, as well as defining the compliance model control systems at Group level and performing periodical assessments on the professional Group and/or the compliance departments of the subsidiaries to check that policies, procedures, criteria and methodological standards have been correctly implemented. The Compliance Unit monitors the national and international legislation and best practices which the company and Group rules must reflect, ensuring and providing 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 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. It also provides specialised support, coordinating with other relevant company units, for the implementation and management of internal control models and compliance programmes relating to the ABC management system, and the anti-trust compliance programme and the data protection framework and, under the coordination of the 231 Team, updates FS Italiane'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 (Sales Promoters, Sales Consultants and Business Partners), M&As, sponsorships and other strategic initiatives.

Group compliance model

This model **protects against the risk of violating** national or international regulations or internal rules which could harm the companies' and Group's reputation and lead the national, foreign or supranational legal or administrative authorities to impose sanctions, including restrictive measures and bans, **driving the implementation of specific organisational controls** to identify, assess, mitigate and monitor compliance risks and prevent behaviour that could be in violation of internal and external rules and regulations and ensure strict compliance with them to **promote a company culture based on integrity, ethics, loyalty, probity and substantial compliance.**

Antitrust Compliance Programme

Starting from 2017, the FS Italiane Group began reviewing its internal antitrust compliance tools in order to further implement antitrust prevention tools and spread the culture of fair competition within Group companies and among all personnel. This process led to the adoption of a new **FS Italiane Group Antitrust Compliance Programme** which was fully implemented with the issue of the **FS Italian Group Antitrust Policy**, as per Group measure no. 274/AD of 3 October 2019. The document set up, inter alia, the **body in charge of implementing the programme** which updates the programme and monitors its implementation in agreement with the Antitrust Managers of the individual Group companies.

Starting from 2020, such body is also obliged to send an annual report to senior management on antitrust compliance activities carried out - in accordance with principles of decision-making autonomy, segregation and transparency with which the Group complies, especially Italian railway infrastructure operator. This report contains evidence of:

- › any reports received and measures taken as a result;
- › awareness and training activities carried out, via online training or classroom courses, and the results obtained from tests on online training;
- › any assessments and checks carried out, the results thereof and measures adopted to fix any critical issues detected;
- › activities planned for the subsequent year for the correct and efficient implementation of the programme.

Risk Management

The parent's Central Risk Management Unit designs, implements and governs the integrated enterprise risk management model and the integrated business 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, oversees the definition of the parent's risk profile and coordinates the Group's various risk management safeguards.

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, inter alia:

- › 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.

The risk management process is governed within the Group in an organic and coordinated manner by FS Italiane S.p.A.'s Risk Management Unit and applied by the Group companies in adherence with management and organisational autonomy. The Central Risk Management Unit is directly responsible for the Group's main global and strategic issues, including:

- › strategic issues and analyses of the Group business plan;
- › particularly significant strategic/cross-sectional actions (e.g., non-recurring transactions, international projects, etc.) involving the parent;
- › innovation and transformation actions carried out at Group level;
- › cases of risk that impact centralised processes and rising risk issues, such as climate change.

The risk assessment process includes mapping the main business objectives and identifying and assessing the risks that compromise their achievement, the related controls and any proposed risk containment improvements. The Group has adopted the Risk & Control Self Assessment (RCSA) method for risk assessment, which is characterised by the active participation of the respective process owners in the identification and assessment of the risks related to their activities.

Planning and management control system

In line with the strategic guidelines and objectives that the board of directors has defined:

- › the Central Strategies, Planning, Innovation and Sustainability Department, which, to generate economic, environmental and social value for all stakeholders, defines the Group's strategies and the related planning, monitoring and strategic control process. It also defines the investment planning and control processes and the optimisation and development of the Group's business portfolio;
- › the Central Administration, Financial Statements, Tax and Control Department, which, inter alia, implements the Group's planning and management control system through the operational implementation of strategies (the budgeting process), the calculation of actual results and their analysis.

Internal Audit

Internal auditing is independent and objective for assurance and advisory purposes in order to improve the organisation's efficiency and effectiveness. It is responsible for: i) checking that the internal control and risk management system is operating and adequate, both on an ongoing basis and in relation to specific needs and to provide assessments and recommendations to promote efficiency and effectiveness; ii) providing specialist support concerning the internal control and risk management system to management, in order to improve the effectiveness, efficiency and integration of the controls in the business processes and to promote the constant improvement of governance and risk management.

The organisational and operational structure of the Group's Internal Audit Department provides for:

- › the introduction of an internal audit department for the parent, FS Italiane S.p.A., and its main consolidated subsidiaries. Considering their characteristics and

respective risk profiles and the guidelines established by FS Italiane S.p.A.'s Central Audit Department, these subsidiaries assess their internal audit structure - with respect to the efficiency criteria and the effective protection of their internal control and risk management system;

- › the Central Audit Department's coordination of the Group's internal audit departments by: i) defining and updating audit guidelines and methodologies; ii) managing the professional internal audit family, as Group process owner.

The Internal Audit Departments²⁸ report hierarchically to the chairperson of the board of directors and functionally to the CEO and Audit Committee (where applicable).

The Internal Audit Departments provide operational support to the supervisory bodies of their respective companies in the performance of supervisory activities.

Internal audits are conducted on all functions, units, processes and/or sub-processes and IT systems with respect to the following risks and consequent objectives:

- › effectiveness and efficiency of business processes;
- › reliability of financial reporting;
- › compliance with laws, regulations, by-laws and applicable standards;
- › protection of company assets.

With resolutions of their respective boards of directors, the subsidiaries' Internal Audit Departments adopted an Audit Charter defining internal auditing guidelines, identifying roles and responsibilities and clearly establishing the areas, scope, the macro modus operandi and information flows (specifically with senior management and the supervisory/control bodies).

External controls

- › Independent auditors: since 2014, KPMG S.p.A. has performed the statutory audit of the parent and its subsidiaries;
- › Court of Auditors' control: the Court of Auditors verifies FS Italiane S.p.A.'s financial management, using a Magistrate present at the meetings of the board of directors and board of statutory auditors.

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

Group measure no. 209/P of 9 June 2016, which replaced the previous measures issued since 2002, requires that FS Italiane Group companies adopt organisational, management and control models that adequately prevent the illegal conduct covered by Legislative decree no. 231/2001 and set up supervisory bodies responsible for monitoring that the models function and are complied with and for updating them, dictating the requirements and criteria for the appointment of their members to ensure their professionalism, autonomy and independence.

According to the aforementioned Group measure, as a rule, the supervisory bodies are set up as boards with a chairperson from outside the company with significant, specific expertise in this respect, an internal audit manager and a legal expert from outside the Group or, alternatively, a member of the board of statutory auditors. Pursuant to article 6.4 of Legislative decree no. 231/2001, the "small" Group companies whose organisations are less complex and/or smaller may set up a body with only one member from outside the Group with significant and specific expertise in this respect.

²⁸ In addition to Ferrovie dello Stato Italiane S.p.A., the main consolidated companies with internal audit departments are: Trenitalia, RFI, Ferservizi, Italferr, Busitalia Sita-Nord, Fercredit, FS Sistemi Urbani, Grandi Stazioni Immobiliare, Italcertifer, Ferrovie Sud Est, Mercitalia Logistics, FSTechnology and Anas.

²⁹ On 17 December 2020, with the approval of the board of statutory auditors, FS Italiane S.p.A.'s board of directors changed the composition of the Supervisory Body (in the by-laws of the Supervisory Body and the General Part of the 231 Model). In its new form, the Supervisory Body consists of: (i) at least two members from outside the Group, one of whom - with specific expertise in Legislative decree no. 231/2001 - is also appointed chairman, and (ii) another member from outside the Group or, alternatively, the head of Internal auditing in office. An external member other than the chairman may be a member of the board of statutory auditors. If the Supervisory Body consists solely of external members, in order to encourage the integration and synergy of everyone involved in the internal control system, the same Supervisory Body, by resolution, decides whether (i) the head of Internal auditing permanently sits in on the body's meetings, offering advice and support, or if (ii) the head of Internal auditing is called by the Supervisory Body to sit in on individual meetings or to discuss specific matters, offering advice and support.

Approval of the updated 231 Model

On 26 May 2020, the parent's board of directors examined and **approved the updated Organisational, management and control model** pursuant to Legislative decree no. 231 of 8 June 2001 (the "231 Model"). The updating of the 231 Model **reinforces the structure of the internal control systems and compliance programmes** of Ferrovie dello Stato Italiane, in line with top standards and best practices. **The 231 Model** is available on the company website and the general part of the model is **published on the new web page "Ethics, Compliance and Integrity"** designed as a single home for the Code of Ethics, the 231 Model, the ABC system, the Antitrust Compliance Programme, the Compliance Model and whistleblowing management, as well as senior management's reports/messages in these areas, in addition to descriptions of the relevant risk prevention controls. This page also contains an extract of the statement by the CEO and general director of FS Italiane S.p.A. to illustrate the tone at the top and the constant commitment of senior management and the FS Italiane Group regarding ethics, compliance and integrity.

Tax transparency

Tax transparency and managing the main related risks are a priority for the Group.

The parent's board of directors is directly involved in tax governance. Specifically, the board plays a guiding role over tax risk management and performs this role by managing the Tax Control Framework (TCF) which assigns roles and responsibilities at all company levels. The TCF identifies the key figures in the tax

risk management and control process as the Group tax director, based in the Central Administration, Budget and Tax Department, the tax manager of the FS Italiane Group companies equipped with a tax risk control system, the parent's tax compliance manager and the Group companies' tax compliance managers.

Within the broader Tax Control Framework, the FS Italiane Group internal control model on the recognition,



measurement, management and control of tax risk³⁰ (the "Tax risk control model"), which was designed to fully and efficiently integrate with the Group's financial reporting model ("262 Model"), identifies the controls to be adopted to detect, measure, manage and control the tax risks inherent to company processes, thus defining how to manage the control process:

- i. mapping and measuring tax risks linked to company processes;
- ii. identifying procedures related to company processes with tax effects;
- iii. describing controls protecting against tax risks and assigning relevant roles and responsibilities;
- iv. establishing effective monitoring procedures to detect any weaknesses or errors in its functioning and activate any corrective actions necessary;
- v. establishing effective procedures to update the model following any changes in the company or the relevant legislative framework;
- vi. reporting annually to management bodies.

The model procedures and controls pertain to all company processes presenting a tax risk and assign responsibilities for complying with tax regulations to all employees involved in the process activities.

In order for the tax control framework to function effectively, an awareness of tax risk must be spread and promoted at all company levels, along with adequate knowledge of the rules and principles of the tax risk control system. To this end, a specific section has been created on the company intranet dedicated to cooperative compliance which provides descriptions of the relevant regime, legislation and practice, essential TCF documents, training courses on tax issues and the relevant support material.











Through the above controls applied at all company levels, the tax control framework helps reduce the loss of economic value which would arise from incorrect application of tax regulations in the form of higher taxes, penalties and interest - expenses which would cause economic and even greater reputational damage.

³⁰ The Tax risk control model is adopted and implemented, with the necessary specifics, by RFI and Trenitalia which have joined the tax cooperative compliance programme together with FS Italiane S.p.A.. The parent is considering applying the model as the preferred tax risk control and management tool for other Group companies regardless of whether participate in the tax cooperative compliance programme.

Management systems

Ferrovie dello Stato Italiane S.p.A. and the main Group companies remain committed to implementing, certifying and maintaining their management systems for the ongoing improvement of the Group's performance³¹, using these

tools to strengthen the environmental and occupational health and safety components of the internal control and risk management system.

| | Quality | Environment | Occupational health and safety |
|---|---------|-------------|--------------------------------|
|  | | ✓ | |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | ✓ | ✓ | ✓ |
|  | | ✓ | |
|  | ✓ | | |
|  | ✓ | | |

Contagion control and prevention, Trenitalia awarded Biosafety Trust Certification



Almost 18 thousand dispensers on trains, over 135 thousand sanitised carriages, thousands of safety kits distributed on board Frecciarossa and Frecciargento trains, entry and exit directions on entire fleet, visual markings on the floor of carriages. These are some of the statistics that earned Trenitalia the Biosafety Trust Certification, becoming the **world's first rail company to gain this prestigious award from the international certifying body Rina.**

³¹ For more information about the certification scope of the Group's operating companies' management systems, see the final table in the "Company highlights: the environment" attached to this Report.

ABC SYSTEM

The FS Italiane Group conducts its business in compliance with the principles of integrity, ethics and zero tolerance for corruption. The Group has adopted a Code of Ethics and 231 Models, issued specific guidelines for the prevention of corruption between private parties within the FS Italiane Group and joined the United Nations' Global Compact, the tenth principle of which is to "work against corruption in all its forms", demonstrating its commitment to operating in accordance with these principles.

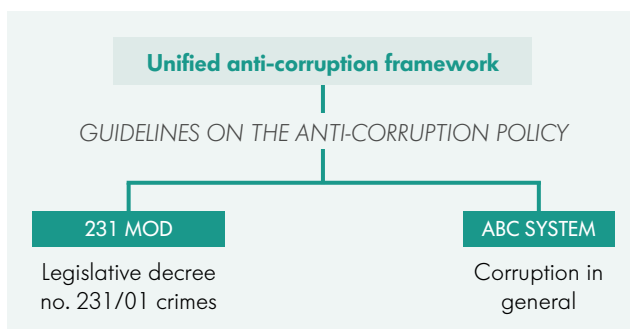
To further support this commitment, since 2017, the parent has voluntarily used a self-regulatory tool to prevent corruption. Called the unified anti-corruption framework, this tool is based on two management and control models:

- › **the 231 Model**, for suspected corruption within the scope of Legislative decree no. 231/2001 (including between private parties, undue soliciting to give or promise benefits and misconduct);
- › **the anti-bribery & corruption management system ("ABC system")**, set up to implement the "Anti-corruption policy guidelines" which also form an integral part of the framework and contain directions for the creation of an effective anti-corruption system at FS Italiane S.p.A..



The ABC system covers corruption in a broad sense, which includes offering and accepting bribes directly and indirectly in relationships with the public administration and with individuals, as well as acts and conduct that may not constitute a specific crime but that could result in "abuse" to gain an undue advantage (for oneself or a third party) and/or maladministration and thereby act in contrast with the principles of probity, lawfulness and integrity.

The ABC system centres around an analysis of at-risk events in the processes identified in the anti-corruption policy guidelines, in accordance with the relevant legislation and best practices, as being the most exposed to the risk of corruption: procurement and contracting, advisory engagements, international business development, membership fees, sponsorships, co-marketing, gifts and donations and human resources.



The ABC system establishes of a set of risk prevention tools consisting of general control principles and specific prevention tools (standards of conduct³² and indicators of possible irregularities) for each risk process considered.

Specific training and communication are provided on the content of the prevention tools to ensure addressees fully understand them and to foster a culture of integrity. In general, training and communication on the issues of prevention and legality and the content of the ABC system are one of the main actions to ensure complete knowledge and the consequent accountability of all parties in risk management and the prevention tools.

In terms of governance, the ABC system identifies the actors, roles and responsibilities for its own implementation, development, updating, monitoring and control. It also defines the information and coordination flows. **Management plays a central role** given its knowledge of the processes and procedures, its direct relationship with the resources that these processes implement, regular monitoring and other prerogatives consistent with its responsibilities.

The main actors include the Anti-Bribery & Corruption and Continuous Auditing Unit, which, among other things, monitors the ABC system to promote continuous

improvement, supports process owners in the identification of risks and the definition of the corruption risk prevention tools and monitors the implementation and enforcement of the measures envisaged by the ABC system, including through specific flows of information.

In 2020, this unit, which is part of the Central Audit Department, **expanded its mission to include the continuous auditing** of the individual processes/transactions, through which it identifies any irregular trends and violations of procedures and regulations, integrating with the ABC system tools.

The ABC system ends with a schedule that identifies the activities for the implementation of the measures it describes and who will carry them out, as well as the deadlines. **An integral part of the ABC system and approved by the board of directors** each year, the schedule reflects the company's **commitment to pursuing an anti-corruption policy that is truly effective and goes beyond mere compliance**.

FS Italiane S.p.A.'s direct and indirect subsidiaries have adopted³³ their own respective frameworks, which they adjust to their specific organisation and business, while remaining in compliance with the applicable legislative obligations.

Following the risk assessment performed in 2019 for the updating of the 231 Model, a **document was prepared with an anti-bribery & corruption focus** for crimes against the public administration pursuant to Title II, Chapters I and II of the Italian Criminal Code, as well as additional instances of corruption with private parties as per Book V, Title IX, Chapter IV of the Italian Civil Code. The document identified:

- › 20 sensitive activities considered to be at risk of crimes of corruption against the public administration;
- › 18 sensitive activities considered to be at risk of crimes of corruption between private parties and soliciting bribes between private parties.

A new process, "Relationships with public institutions/authorities (the public administration)", was developed in 2020 as an additional ABC process following an integrated analysis of the findings of the risk assessment conducted on the 231 Model and additional input available to the ABC Unit. Specific prevention tools (standards of conduct and indicators of possible irregularities) are being prepared for this process.

In order to identify room for enhancement in the ABC system (e.g., further risk areas suitable for specific prevention tools), **FS Italiane S.p.A.'s first ABC Risk Assessment campaign was rolled out in 2020** and will be concluded in 2021. Applying the Control Risk Self-Assessment methodology, management identifies events at risk of corruption in the individual processes they are in charge of and carries out a self-assessment, in terms of the inherent impact and probability, analyses the controls in place that can mitigate such probability and then determines the level of residual risk. This methodology is based on relevant ISO standards (31001) and was developed with the support of the parent's Risk Management Unit.

³² The standards of conduct are the formalisation of a series of steps to standardise the performance of certain sensitive activities and promote the spread of conduct based on the principles of integrity, fairness and transparency.

³³ In 2020, FS Technology joined the main companies directly controlled by FS Italiane S.p.A. which concluded the implementation of the Unified Anti-Corruption Framework.

Other rules and policies to safeguard processes at risk of corruption

FS Italiane S.p.A. also reinforced protection against corruption in 2020 by issuing and revising specific rules and policies.

Issue **NEW** and revision **UPDATE** of rules and policies safeguarding certain processes at risk of corruption

- > **NEW** Guidelines for the **secondment of personnel** to FS Italiane Group companies
- > **NEW** **Travel security** operating procedure
- > **NEW** **Guidelines for classifying information** in terms of privacy and the relevant Group organisational notice on managing the classification of company information on individual IT devices and on analogue support
- > **NEW** Process guidelines for Sales Promoters, Sales Consultants and Business Partners in **commercial or business development initiatives on international markets** (Business Compliance)
- > **UPDATE** **Governance model** of the FS Italiane Group
- > **UPDATE** **ICT process governance model** of the FS Italiane Group
- > **UPDATE** Group **talent acquisition** procedure
- > **UPDATE** **Sponsorships, partnerships and/or co-marketing and product placement** procedure of the FS Italiane Group
- > **UPDATE** Procedure for developing and assigning **management positions**
- > **UPDATE** Rules for **appointing directors and statutory auditors**, decisions on the by-laws and shareholder agreements, non-recurring transactions and corporate government
- > **UPDATE** Bidding procedures in the scope of **business development and consolidation initiatives on international markets**
- > **UPDATE** **System to manage legal data flows** to the General Counsel, Corporate Affairs and Compliance Department of Ferrovie dello Stato Italiane S.p.A.
- > **UPDATE** Procedure for **handling labour law disputes**
- > **UPDATE** Guidelines for **managing and using the Board of lawyers and legal and tax consultants** of the FS Italiane Group

Whistleblowing and whistleblower report management procedure

On 18 June 2019, FS Italiane S.p.A.'s board of directors approved the **parent's procedure for handling whistleblower reports**³⁴, implementing Law no. 179/2017 (i.e., the whistleblowing law).

The procedure governs the receipt, analysis and handling of reports that anyone sends or transmits on events or

conduct deemed to be illegal or in violation of the law, the organisational, management and control model pursuant to Legislative decree no. 231/2001, the ABC system or the Code of Ethics of the FS Italiane Group, guaranteeing that the whistleblower receives full protection in accordance with the law.

³⁴ Issued with Group organisational notice no. 34 of 24 September 2019.



In July 2020, FS Italiane S.p.A. set up a computer platform to manage whistleblowing reports. This channel digitally ensures the confidentiality of whistleblowers and adequate security measures for the information. The platform may be accessed either via the internet or the company intranet (in the specific intranet section on the Ethics, Compliance and Integrity page) to report violations of:

- › FS Italiane S.p.A.'s Organisational, management and control model pursuant to Legislative decree no. 231/2001 and implementing procedures
- › the ABC system
- › the FS Italiane Group's Code of Ethics
- › laws or regulations.

The Group's Code of Ethics, which was updated in February 2018 and is available on the company intranet and website, **states that anyone may refer to their company's Ethics Committee should they have questions or doubts or need clarifications** about the meaning and application of the Code of Ethics. They may contact the committee by e-mail, post or using the other communication tools that

the company provides. The committee treats the requests **seriously, fairly and rapidly**.

In 2020, FS Italiane S.p.A.'s Ethics Committee managed 27 reports, five of which were closed/archived, and **FS Italiane S.p.A.'s Supervisory Body managed 14 reports**, four of which were closed/archived.

Anti-corruption policy awareness, communications and training

By implementing the directive criteria of the anti-corruption policy guidelines, the ABC system requires management accountability, a culture of risk prevention and ongoing training and communication, among other important elements.

The guidelines recognise the importance of spreading awareness about anti-corruption to FS Italiane S.p.A.'s management and personnel, which includes specific training and communications projects, with the conviction that knowledge of the rules in place to protect business conduct and a culture of integrity constitute an essential condition for the knowledgeable application of regulations as a means of preventing corruption.

OVER 1,300
MAN-DAYS OF
**ANTI-CORRUPTION
TRAINING**

The ABC e-learning course for all FS Italiane S.p.A. personnel was completed in 2020. The course continues to be taught to newly hired employees, with others who did not complete it in previous years called back to take it again periodically. The "ABC system: choose your training!" survey was launched in the year, asking FS Italiane S.p.A. personnel to suggest content for specific capsule training sessions on the ABC system to be held in the first quarter of 2021. Specific training was also held in collaboration with other FS Italiane S.p.A. units on individual processes (e.g., "Recruitment process controls" training in the various editions of the recruitment academy for the Group).

Communications saw the addition of a new page on the FS Italiane S.p.A. website, "Ethics, compliance and integrity", which includes a sub-section devoted to the ABC system, summarising the objectives, tools and principles of FS Italiane S.p.A.'s model, in order to share the company's commitment to ethics, lawfulness and integrity with the public.

The intranet page “ABC system”, containing descriptions of FS Italiane S.p.A.’s and the other Group companies’ models, **was also streamlined**. In addition to other ABC-related content that is permanently available, **new content was added** to allow keyword searches of the ABC code of conduct. Specifically: i) a message from FS Italiane S.p.A.’s chairman in which he confirmed the Group’s commitment to fighting all forms of corruption and maladministration and encouraged daily actions inspired by integrity, transparency and fairness; ii) a brief introduction on FS Italiane S.p.A.’s anti-corruption policy; iii) a sub-section on “Training” with information on courses and the course material; iv) short video capsules on key concepts of the model first published in 2019 (the framework, the voluntary nature of the model, the concept of corruption and prevention tools).

Training on business compliance processes in developing and strengthening business in international markets

In 2020, the Group provided a **training session on “Compliance in International Contexts”** during the international induction for 31 junior professionals as part of the Group’s training for the International Programme. This initiative is added to training on “Bidding procedures in the scope of business development and consolidation initiatives on international markets”.

Ad-hoc initiatives were also planned for communicating, training and raising awareness about risks and sensitive activities for the company and the related prevention tools identified in the 231 Model. The training method was established by preparing an updated version of the e-learning module on Legislative decree no. 231/2001 and the 231 Model, an e-learning refresher course on new aspects of the decree and the 231 Model for those who had already taken the previous course and dedicated classroom sessions (in-person or remotely).

PROTECTION OF HUMAN RIGHTS

The FS Italiane Group promotes the protection of human rights for its employees, customers, citizens, suppliers and business partners, helping create a responsible value chain and operating in accordance with the United Nations’ Universal Declaration of Human Rights and the fundamental Conventions of the International Labour Organization.

Among the fundamental principles of the Sustainability Policy (issued in 2019) on which the Group’s actions are based, the 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, some of the subsidiaries that worked on preparing their sustainability policies in 2020 - e.g., Italferr and Busitalia - have made respecting and promoting human rights in Italy and abroad a pillar of their business models. Furthermore, the Group promotes open and inclusive workplaces, it is against any discriminating or harmful behaviour, prevents any form of irregular work and encourages policies that are supportive of personnel psychophysical well-being.

Since 2017, the Group has joined the UN’s Global Compact (“GC”) network, undertaking to comply with the ten principles - human rights, labour, environmental and anti-corruption - and include them in its business. These principles integrate and reinforce those already established in the Group’s Sustainability Policy, Code of Ethics and its self-regulatory tool to prevent corruption called the Unified Anti-corruption Framework comprising the 231 Model and the ABC management system. Specifically, by joining the Global Compact network, the Group has formally committed 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 any type of human rights violation through:

- › the use of standard clauses³⁵ about respect for human rights in contracts with suppliers, having suppliers

³⁵ With specific regard to the assignment of contracts and concessions for works and services entailing significant manual labour, the FS Italiane Group applies social clauses and requirements to comply with certain social and labour protection standards to promote the occupational stability of personnel.

sign the Group's Code of Ethics and introducing a sustainability criterion in the supplier qualification process³⁶.

- › promoting the improvement supply chain management thanks to the participation in the Railsponsible 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;
- › protecting the rights of passengers with disabilities and reduced mobility. The Group offers assistance service at 322 stations for passengers with physical, sensory or motor disabilities that temporarily or

permanently affect their mobility, ensuring their right to travel with ease. A key feature of this service is the "Sale Blu" network, which was further expanded in 2020 with the new national Sala Blu created in response to the public health emergency, joining the other 14 rooms at Italy largest railway stations. In 2020, specific focus Groups were held to meet passengers' new needs and to develop increasingly functional services;

- › protecting the rights 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 distress³⁷.



³⁶ In the second half of 2017, RFI introduced a new criterion for supplier qualification in tenders which considers human rights (the fight against child and forced labour, anti-discrimination and support for the fundamental human rights). Inspired by RFI's initiative, the Group began a sustainable supply chain management project to improve the sustainability of FS Italiane Group suppliers. Reference should be made to "Sustainable procurement" for details.






³⁷ Reference should be made to "Relationships with communities" for details.

ESG rating and other awards

The Group's commitment to boost its ESG (Environmental, Social, Governance) performance is reflected in its sustainability ratings. By applying various methods, the ESG analysts assess the Group's performance in environmental, social and governance issues, its ability to see ahead in the

long term, ability to minimise risks and also reach the SDGs.

During the year, the FS Italiane Group maintained and improved its ranking in most ESG ratings, achieving significant results, including:

| ESG RATING | 2020 RANKING | DETAILS |
|---|--|---|
|  | The FS Italiane Group was rated "A-" , ranking above the European and global average. | Carbon Disclosure Project is a global not-for-profit organisation that supports organisations, recognizing the ability of reporting their energy consumption, emissions and actions taken to reduce their environmental impact. |
|  | The Group's ESG profile was rated "robust" overall (ESG score: 52/100), ranking eighth among 42 companies at European level in the "Transports and Logistics" segment. | Vigeo Eiris, an affiliate of Moody's, is a leading European ESG rating agency. |
|  | The Group placed second among non-listed Italian companies and 34th in the general ranking among 74 companies. | This index, developed by ETicaNews and TopLegal, analyses the level of integration of non-financial variables into corporate governance. |
|  | The Group reached "prime" level which comprises sector leaders in ESG. | ISS (Institutional Shareholder Services), leading global provider of corporate governance and responsible investment solutions. |
|  | In 2020, the Group received a risk rating of 17.7 , falling under the low ESG risk bracket and ranking third in the "Rail Transport" sub-segment. | Sustainalytics is a leader in research and ESG ratings. It supports many of the world's leading investors who incorporate ESG insights into their investment processes. |

The Group has received many awards and accolades in recent years, further boosting confidence among

stakeholders and confirming the efficiency of its activities.

AWARDS AND ACCOLADES



The FS Italiane Group was voted the **Best Employer of Choice** among the more sought-after companies for recent university graduates in Italy.



The FS Italiane Group confirmed its appeal as the most sought-after company for recent university graduates and young professionals by placing **first** in the ranking of **"Most Attractive Employer in Italy by Business Young Professionals"** and **third** in Italy in the **STEM** (science, technology, engineering and mathematics) segment.



The FS Italiane Group **classified among Italy's best employers** in the Energy and Transport category, ranking **among the top three companies** to work for in Italy³⁸.



The Group ranked among the top 200 **best employers for women in Italy in 2021**, gaining the maximum rating of 100/100 in the Transport category³⁹.



Among the digital stars of Italy, **Trenitalia** and **Ferrovie dello Stato Italiane** ranked respectively first and second in the mobility and transport segment⁴⁰.



The FS Italiane Group was voted the **best experience in online job search** by students and recent university graduates and was ranked first in candidate experience ratings developed by **Potential Park**, a Swedish talent communication agency.

³⁸ The survey was carried out by Corriere della Sera in collaboration with Statista which performs researches in 170 economic sectors.

³⁹ The study was carried out by the German Institute ITQF Quality and its media partner La Repubblica Affari&Finanza.

⁴⁰ See the previous note.

AWARDS AND ACCOLADES



Innovation Skill Hub⁴¹, the Group's learning programme to develop a widespread innovation mindset, won the **SMAU award for Innovation**.



The **“.trust 2020”**⁴² research ranked FS Italiane S.p.A. among the **top three Italian companies** for transparent digital communication. Placed in the **Gold class**, FS Italiane S.p.A. is lauded as an upstanding example in the communication of strategic goals.



Among the **top 20 most sustainable companies on the web**, FS Italiane S.p.A. was included in the **ESG Perception Index**⁴³ which assesses the web presence and communication of 150 top Italian companies in defining their brand's proximity to all key sustainability concepts⁴⁴.



FS Sistemi Urbani won the **2020 Urban Planning Award** in the **“Environmental, economic and social regeneration”**⁴⁵ category. The company presented **“Rail City Lab”**, an urban regeneration project involving the seven main areas owned by the Group and no longer in use in the city of Turin totalling approximately 500,000 m². Furthermore, in the **“Technological innovation for urban management”**, the Liguria Region was awarded for its **“Territorial regeneration and sustainable mobility in west Liguria”** projects, including FS Sistemi Urbani's bike/pedestrian **path project** which is why the award is shared with the Group company.



Italferr is **the fifth** in the **Top 150 Global Design Firms** among the most important global engineering firms whose turnover is entirely produced in the transport sector, placing **127th**, and has risen by 5 positions compared to 2019, rising **142th** in the **Top 225 International Design Firms**⁴⁶.

⁴¹ Innovation Skill Hub is a global training programme open to all 83,000 employees of the FS Italiane Group who can apply. It aims to create a network where employees can meet up and discuss and also share experiences with external partners.

⁴² Carried out by the strategy consultancy firm Lundquist.

⁴³ Carried out by Reputation Science, a reputation analysis and management company.

⁴⁴ The index is based on qualitative (i.e., social network usage) and quantitative (i.e., degree of engagement via comments, shares, likes, etc.) criteria.

⁴⁵ As part of the competition organised by the scientific magazine of the INU (National urban planning institute) which selects the favourite projects of Urbanpromo visitors.

⁴⁶ These international ratings compiled by Engineering News Record (ENR) - the top US magazine on engineering and construction - respectively classify the top engineering companies based on their global turnover and on international projects.

INTEGRATED MANAGEMENT OF RISKS AND OPPORTUNITIES

102-15 201-2

The FS Italiane Group operates in sectors with highly complex and varied activities (design, build and maintain infrastructure, operate railway and road networks, provide passenger and freight transport services and manage real estate assets), which may generate risks and uncertainties, some of which may be significant.

Controlling these risks is therefore vital to ensure the Group's continuity and sustainability in the medium to long-term. The Group has therefore defined a risk control model, as described in the paragraph on the Internal control system.

In this context, the central Risk Management structure of Ferrovie dello Stato Italiane coordinates the overall management of the Group's risk governance process by insuring the design, implementation and governance of the management and measurement framework of the complex of corporate risks and the related integrated monitoring process, linking strategies, policies, processes and operating mechanisms concerning the identification, management, mitigation, monitoring and reporting of the main risks to which the company is exposed and coordinating various Group risk management controls.


With reference to the safety of circulation and railway operation, to the safety of work and to the environmental protection, risk prevention and mitigation measures are implemented within the integrated systems in the individual operating companies.

For further information, please refer to the Group's 2020 Annual Financial Report (chapter Directors' report, par. Risk factors).




The Group constantly monitors current and expected risks and opportunities (current and perspective), including social and environmental aspects, particularly those relating to climate change.




Below is reported a schematic extract of the FS Group's 2020 Annual Financial Report for the examination of the main strategic and operational risk areas, also highlighting the related ones opportunity.






| Risk | Description | Safeguards | Opportunities |
|--|--|--|--|
| <p>Business risks</p>  | <ul style="list-style-type: none"> i. competition due to the opening of markets ii. domestic consumption trends and main economic factors iii. financial management in connection with relationships with public entities, both in terms of credit collection and the funding of investments for short-term concessions iv. potential instability of relevant legislation v. change in travel habits vi. evolution of the legislative and regulatory framework | <ul style="list-style-type: none"> i. assessment and ongoing monitoring of competitors' bids and market presence ii. improvement and maintenance of the service quality delivered and rapid adjustment to changes in demand iii. strengthening and updating the fleet, as a part of innovation and way to attract potential customers iv. ongoing credit monitoring, with policies to fund invested capital at competitive rates v. monitoring contracts and their financial balance, monitoring changes in regulations and promoting coordination and dialogue with government and regulatory authorities vi. ongoing monitoring of demand, adjusting the commercial offer accordingly, matching it to customer needs according to changes, monitoring costs in order to adjust them to the new volumes vii. continuous monitoring of the evolution of the legislative and regulatory framework by specialist structures | <ul style="list-style-type: none"> i. possibility of expanding presence in Europe and continuous improvement of services offered ii. offer of services that increasingly meet people's needs and growth of digital services iii. offer of integrated services to exploit synergies and the possibility of offering related services |

| Risk | Description | Safeguards | Opportunities |
|------------------------------|---|--|--|
| Operational risks | i. ability to retain certain suppliers operating in the maintenance and construction of rolling stock | i. structured supplier qualification procedures that include financial assessments as well as technical evaluations | i. increasingly closer partnerships with suppliers to contribute to the Group's growth |
| | ii. performance of complex projects that require substantial financial resources and a structured organisational and project management structure | ii. management and control procedures to constantly monitor physical and financial performance of infrastructural projects | ii. continuous improvement of processes and the construction of high-quality, efficient infrastructure |
| | iii. interruptions/issues due to system and technology faults, serious natural events and vandalism | iii. avant-garde security, control and monitoring systems and the creation of specific network maintenance cycles, adopting procedures for the management of irregularities and emergencies with a constant focus on public information and the provision of accessory services to customers | iii. improved safety, punctuality and quality of services |
| | iv. saturation of high commercial value routes | iv. implementation of systems to optimise railway timetabling and traffic management | iv. continuous improvement of the work environment and safety performance |
| | v. management of licenses, concessions, advertising, exceptional transport, royalties, trade credit related to the operation of the road network | v. update of design criteria based on the route catalogue | |
| | vi. alleged potential violations of occupational safety regulations | vi. projects to improve traffic flow and improve traffic capacity at large urban hubs and launch of investment programmes for technological upgrades | |
| | | vii. continuous monitoring of contracts and related credit positions | |
| | | viii. constant assessment and monitoring of occupational safety by senior management and the competent units | |

| Risk | Description | Safeguards | Opportunities |
|---|--|---|---|
| <p>Country risk</p>  | <p>i. dynamic international context and significant political and economic instability in certain geographical segments</p> | <p>i. in-depth quarterly analyses of the countries identified by the Group as potential new markets and countries where it already performs business or trade activities</p> <p>ii. update of the Group's framework for the classification of areas based on the country's attractiveness</p> <p>iii. commercial offer definition process incorporating a risk-based approach</p> | <p>i. expansion of international presence</p> |
| <p>Project risks</p>  | <p>i. potential impacts on project objectives in terms of timing, costs and quality with direct and indirect consequences</p> | <p>i. developing and implementing project risk management systems in line with the most sophisticated international standards and certification requirements</p> | <p>i. improved project management and increased Group capacity and process efficiency driving the Group's investments</p> |
| <p>Compliance, legal and contractual risks</p>  | <p>i. non-compliance risks generally arising from potential non-compliance with the rules characterising the legislative and regulatory framework, with potential consequences consisting of legal or administrative sanctions, financial losses and reputational damage</p> | <p>i. definition of the compliance model, establishment of organisational units (internal audit, compliance and DPO) to verify that guidelines and company and Group measures and procedures comply with relevant legislation and national and international best practice</p> <p>ii. definition and adoption of an antitrust compliance program to improve the ability to prevent and manage risks associated with non-compliance with competition law</p> <p>iii. definition and implementation of the Personal Data Protection Framework</p> | <p>i. continuous improvement of processes and activities and alignment with best practices</p> <p>ii. more transparency and improved Group's reputation</p> |

| Risk | Description | Safeguards | Opportunities |
|--|---|--|--|
| <p>IT and cyber risks</p>  | <ul style="list-style-type: none"> i. adopt new technologies, like blockchain, AI and IoT could enable future cyber attacks to steal confidential information or block essential services, including acts of terrorism | <ul style="list-style-type: none"> i. adopt an integrated safety management system to steer and govern security that converges the management of physical and cyber security in one command and control centre and ensures the application of consistent general principles and operating logic ii. create and begin operating a specialised cyber security operation centre where the most expert human resources and advanced technologies converge to prevent, detect and fight cyber attacks iii. set up a company specifically dedicated to overseeing ICT at Group level, defining strategies and achieving synergies and economies of scale iv. management and control model to classify information in terms of privacy to protect such information from possible violations | <ul style="list-style-type: none"> i. improved ability to prevent cyber threats ii. the new digital dimension could drive more efficient and personalised services |
| <p>Environmental risks</p>  | <ul style="list-style-type: none"> i. non-compliance with environmental laws and regulations ii. risks related to climate change (see the table below) | <ul style="list-style-type: none"> i. unit dedicated to safeguarding environmental issues and defining environmental management systems (ISO 14001 certified) | <ul style="list-style-type: none"> i. ability to compete through the development of new services and processes with reduced greenhouse gas emissions ii. better reputation and positive perception of the Group by passengers and industrial customers |
| <p>Social risks and risks related to the protection of human rights</p>  | <ul style="list-style-type: none"> i. failure to respect human rights by the Group, its people and industrial and commercial partners | <ul style="list-style-type: none"> i. definition of standard contractual clauses for compliance with the Group's code of ethics and worker health and safety standards ii. signed a Protocol for the quality of work in the procurement of railway services iii. joining the UN's Global Compact and the introduction, for tenders, of supplier assessment criteria, including the respect for human rights as a requirement | <ul style="list-style-type: none"> i. improvement in the Group's reputation |

| Risk | Description | Safeguards | Opportunities |
|--|---|---|---|
| <p>Human resources management risks</p>  | <ul style="list-style-type: none"> i. failure to monitor personnel management risk factors (presence of key resources, difficult-to-find specialist skills, motivation and professional development) could compromise the achievement of the objectives in the business plan ii. employee health and safety | <ul style="list-style-type: none"> i. relationships with trade unions based on transparency and collaboration ii. personnel training and continuous updates, accompanied by specific recruitment campaigns for professionals on the market outside the Group as well iii. incentive and corporate welfare plans iv. digitalisation of recruitment processes v. strategic organisational approach for diversity and inclusion vi. setting up “COVID-19 committees” to analyse and monitor actions rolled out to fight and contain the spread of COVID-19 | <ul style="list-style-type: none"> i. improved work environment and personnel motivation, increased attractiveness and retention capacity |
| <p>Corruption risks</p>  | <ul style="list-style-type: none"> i. crimes could be committed, bribery in particular | <ul style="list-style-type: none"> i. preventing corruption and illegality with FS Italiane S.p.A.’s adoption of the 231 Model and the issue of specific guidelines for the prevention of corruption between private parties in the FS Italiane Group ii. definition of the Unified Anti-corruption Framework (including the ABC management system) iii. ongoing training and communications, including specific online courses on the ABC system iv. approval of the whistleblowing management procedure | <ul style="list-style-type: none"> i. promoting the Group’s reputation, both within and outside of the organisation, through a commitment to compliance with ethics and organisational and procedural safeguards |

| Risk | Description | Safeguards | Opportunities |
|--|---|--|--|
| <p>Risks related to fluctuations in the procurement costs</p>  | <ul style="list-style-type: none"> i. the prices of services, raw materials, energy and transport can vary based on market trends and it may not be possible - or only possible to a limited extent - to translate the higher energy procurement costs into higher selling prices to customers with consequent effects on the Group's profit margins | <ul style="list-style-type: none"> i. creation of department and units that oversee trends in the prices of materials and services that are fundamental for business operations and any applicable regulations. A project began to redesign the procurement process based on an analytical model to determine optimal procurement prices, with the additional aim of speeding up and simplifying the process while making it traceable and paperless. | <ul style="list-style-type: none"> i. continuous improvement of procurement processes |

In the preparation of this paragraph, in addition to that provided for by Legislative decree no. 254/2016, the Group analysed the "Commission guidelines on non-financial reporting: guidelines on reporting climate-related information" updated by the European Commission in June 2019, and the recommendations of the Task Force on Climate-related Financial Disclosures – TCFD, which describe the methods for managing and monitoring the risk and opportunities of climate change and the estimate of the related financial implications.

In order to oversee, assess and monitor the risks deriving from the current climate crisis, a Group task force was set up in April 2020 (Program Team for adaptation initiatives related to risks deriving from climate change), with the involvement of the Parent Company and the operating companies with the supervision of the Sustainability Committee, and a specific program was launched to achieve the climate-resilience target.

The Program is structured in three thematic tables: "methodology and model", which is entrusted with the task of defining the methodological design and the development of the quantitative evaluation model; "Regulations, standards, investments and financing", which is entrusted with the task of conducting a survey of national and international regulations; "Information disclosure", which is entrusted with the task of overseeing and analyzing the guidelines of the European Commission on the communication of non-financial information (in the Non Financial Disclosure area) regarding risks linked to climate change.

The management and operational approach of the Program is risk-based, with coordination by the central structure of the Parent Company's Risk Management, also in consideration of the recent ISO standards on Risk Management applied to climate change.

The Climate-resilience Program, based on an incremental approach, is articulated on several lines of intervention based primarily on knowledge of the relationship between the changing climate and transport infrastructures.

Indeed, the Ferrovie dello Stato Italiane Group intends to ensure increasingly climate-resilient mobility infrastructures and services through:

- › the assessment of exposure to risks arising from the climate crisis in the medium and long term

- › the preparation of a system for timely monitoring the effects of the climate and its changes
- › the definition of an organic plan of interventions for adaptation to climate change.

From an initial top-level analysis and in accordance with that defined by the European Commission in June 2019 and the TCFD, the risks and opportunities related to climate change are monitored and classified as:

| Risk Category | Risk | Description | Impact on the business | Potential financial impact | Mitigation action |
|------------------------|---------------------------|--|---|---|--|
| Transition risk | Risk of regulatory change | Change in the greenhouse gas emission regulatory framework | Application of energy efficiency requirements, revision of emissions fees, introduction of a carbon tax | <ul style="list-style-type: none"> i. Higher operating costs ii. Higher investment costs and asset impairment | <ul style="list-style-type: none"> i. Constant tracking of regulations with monitoring of changes in the greenhouse gas emissions authorisation system ii. Definition and monitoring of energy consumption and emissions targets |
| Transition risk | Legal risk | Exposure to legal disputes in the event of failure to adopt climate impact mitigation measures | Possible reputational and financial impacts in the event of failure to control this risk | Higher operating costs | Implementation of an environmental management system to control compliance with the applicable regulatory framework |



| Risk Category | Risk | Description | Impact on the business | Potential financial impact | Mitigation action |
|------------------------|---|--|--|--|--|
| Transition risk | Risk related to the relevant market | Change in the habits of passengers and customers interested in greener products and services and uncertainty on the procurement market | More competition and reduction in transport demand | <ul style="list-style-type: none"> i. Lower revenue ii. Higher operating costs for the procurement of raw materials (e.g., energy) | <ul style="list-style-type: none"> i. Monitoring the needs of passengers and customers and the development of new customised services ii. Promotion of a modal shift towards collective mobility and railway transport for passengers and freight, respectively |
| | Risk related to technological evolution | Spread of new low-emission technologies | Failure to adopt cutting-edge (low carbon) technologies and non-development of the related management expertise | <ul style="list-style-type: none"> i. Lower revenue ii. Higher operating costs (R&D) | Continuous investments in new, low-environmental impact technologies, in employee training and in the recruitment of personnel highly specialised in the management of new technologies |
| Transition risk | Reputational risk | Loss of reputation connected to the increase in public concern about climate change | Possible stakeholder dissent with new works (e.g., new infrastructures) due to potential external negative factors, resulting in possible delays in construction | <ul style="list-style-type: none"> i. Lower revenue ii. Higher operating costs | <ul style="list-style-type: none"> i. Participation in national and international targeted initiatives to strengthen the commitment to reducing emissions ii. Stakeholder engagement initiatives to transparently report the possible positive or negative impacts of new works iii. Monitoring and reporting on long-term targets to combat climate change |

| Risk Category | Risk | Description | Impact on the business | Potential financial impact | Mitigation action |
|---------------|---------------------|---|--|---|--|
| Physical risk | Acute physical risk | Deriving from extreme climatic events such as hurricanes, floods and drought, which are increasing in frequency and intensity because of global warming and also exacerbate the hydrogeological instability | Disruptions of operations, failure to provide services and damage to infrastructure and assets, with possible repercussions on people safety | <ul style="list-style-type: none"> i. Less revenue due to a smaller offer ii. Higher operating costs (e.g., costs for higher insurance premiums and to restore the normal functioning of assets) iii. Impairment of existing assets iv. Higher investments to increase the infrastructure's resilience capacity | <ul style="list-style-type: none"> i. Processing of risk scenarios, vulnerability models, data collection models for the quantification of potential risks ii. High-tech and environmentally sustainable tools to monitor and control the conditions of railway infrastructure and plants iii. Design, construction and maintenance of infrastructure to make it more resilient to the effects of climate change (life-cycle management) iv. Inclusion of issues relating to climate change also in the development of strategic plans |
| | | | | | |



| Risk Category | Risk | Description | Impact on the business | Potential financial impact | Mitigation action |
|---------------|-----------------------|--|--|---|--|
| Physical risk | Chronic physical risk | Deriving from longer-term climate change (higher average temperature, rising seas, loss of soil stability, etc.) that impact also on hydrogeological instability | Disruptions of operations, failure to provide services and damage to infrastructure and assets | <ul style="list-style-type: none"> i. Less revenue due to a smaller offer ii. Higher operating costs (e.g., costs for higher insurance premiums and to restore the normal functioning of assets) iii. Impairment of existing assets iv. Higher investments to increase the infrastructure's resilience capacity | <ul style="list-style-type: none"> i. Processing of risk scenarios, vulnerability models, data collection models for the quantification of potential risks ii. High-tech and environmentally sustainable tools to monitor and control the conditions of railway infrastructure and plants iii. Design, construction and maintenance of infrastructure to make it more resilient to the effects of climate change (life-cycle management) iv. Inclusion of issues relating to climate change also in the development of strategic plans |

Climate change may also create opportunities for the Group:

| Scope | Type of opportunities | Description | Impact on the business | Potential financial impact | Possible action |
|--------------------------------|---|--|--|---|---|
| Efficiency of resources | More efficient modes of transport | Use of more energy efficient modes of transport for passengers and freight | Lower energy consumption and emissions and offer of distinctive services with respect to the competition | <ul style="list-style-type: none"> i. Higher revenue ii. Lower operating costs | Constant tracking of new low environmental impact technologies and continuous monitoring of customers' needs |
| Sources of energy | Use of renewable and/ low-impact energies | Use of renewable and/low-impact energies | Reduction of GHG emissions and offer of distinctive services with respect to the competition | <ul style="list-style-type: none"> i. Lower operating costs ii. Higher revenue | Constantly following new low environmental impact technologies |
| Products and services | Offer of green services | Development or expansion of low CO ₂ emissions | Improvement in the services offered and the Group's reputation | <ul style="list-style-type: none"> i. Lower capital costs ii. Lower operating costs iii. Higher revenue | <ul style="list-style-type: none"> i. Constantly following new low environmental impact technologies, continuous monitoring of customers' needs and offer of distinctive services ii. Monitoring the opportunities of sustainable finance |
| Markets | Access to new markets | Offer of distinctive services on foreign markets as well and possibility of gaining competitive edge | Increase in revenue by entering new markets and more competitive edge on domestic markets | Higher revenue | Continuous monitoring of customers' needs and offer of distinctive services with a low environmental impact |
| Resilience | Resilient infrastructure | Design, construction and maintenance of infrastructure to make them more resilient | Lower asset impairment and service disruption risks | <ul style="list-style-type: none"> i. Lower operating costs ii. Higher revenue iii. Protecting asset value | Design, construction and maintenance of infrastructure to make it more resilient to the effects of climate change, including the use of redundancy |

STAKEHOLDER ENGAGEMENT

102-13 102-21 102-40 102-42 102-43 102-44 201-1 413-1 417-3

The FS Italiane Group continuously communicates with its stakeholders via 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 Ferrovie dello Stato Italiane Group's stakeholders along with the main communication methods are indicated in the map below.



Creation of value for stakeholders

Creating value for the Group and its stakeholders is a priority for the sustainability of the business in the medium to long-term.

Based on reclassification of the consolidated income statement, the table below illustrates the impacts of the Group's activities on its stakeholders. Specifically:

- › economic value generated is an indicator of measurable wealth generated by the Group in the year. The analysis of value added provides an objective evaluation of the Group's economic/social impact by measuring the wealth it has created for stakeholders;

- › economic value distributed is a qualitative/quantitative indicator of the Group's social impact and the distribution of value to the various stakeholder categories.

The value not distributed by the Group (€1.3 billion) consisted substantially of self-financed investments and accruals to reserves, to be reinvested and thereby ensure the continuity of non-current business and, therefore, indirectly benefit the FS Italiane Group's stakeholders (such as employees and the community through, for example, improvements in service quality).

In millions of Euros

| Generation and distribution of economic value | 2020 | 2019 ¹ | 2018 |
|---|---------------|-------------------|---------------|
| Economic value generated directly | 10,941 | 12,524 | 12,196 |
| Revenue from sales and services | 10,482 | 12,011 | 11,560 |
| Other sundry income | 459 | 513 | 636 |
| Economic value distributed | 9,621 | 10,190 | 9,877 |
| Operating costs for materials and services | 4,661 | 4,801 | 4,679 |
| Personnel expense | 4,432 | 4,945 | 4,853 |
| Payments to financial backers | 387 | 286 | 221 |
| Payments to public bodies | 141 | 158 | 124 |
| Economic value withheld | 1,320 | 2,334 | 2,319 |

Note 1: 2019 figures were recalculated following the reclassification in the Group's income statement.

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 contributed to defining the first three long-term goals (2030-2050), i.e., the priorities that the FS Italiane Group and its subsidiaries will invest in over the next few years to help create a sustainable future⁴⁷.

In line with the results of the 2020 materiality analysis,

this process will continue in 2021 with the definition of another two long-term goals to be discussed at the sixth stakeholder panel. The goals will relate to **stakeholder and employee satisfaction**.

At the same time, the corporate webpage dedicated to dialogue with stakeholders is being updated. Since 2013, the status of the 85 proposals gathered during the four earlier editions of the Group's stakeholder panel has been published on this page.

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 policy,

which the Board of Directors approved on 16th of April 2019, is based on the Sustainable Development Goals (SDGs) and the principles of the UN's Global Compact and consists of seven commitments.



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



SAFETY FOR TRAVELLERS AND WORKERS

Ensure an increasingly higher level of health and safety and consolidate a risk management and prevention culture



SERVICE QUALITY

Improve the customer experience, focusing on the quality provided and that perceive

⁴⁷ For details on the goal development process, reference should be made to "Our agenda for sustainable mobility of the future".

**EMPLOYEE VALUE**

Actively contribute to caring for and developing 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 between suppliers and business partners, contributing to the creation of a responsible supply chain



Other forms of dialogue

The Group has many other forms of dialogue with its stakeholders, including institutionalised feedback collection (e.g., customer satisfaction surveys), relationships with the consumer and environmental associations and the trade unions. Each year, the Group promotes a number of initiatives to inform, advise, discuss and partner with the various stakeholders. The Ferrovie dello Stato Italiane Group also takes part in activities with the following associations: Confindustria and its local branche, Agens/ Federtrasporto, Federturismo, Anie, Assonime and Accredia. At European level, it collaborates with CER (Community of European Railway and Infrastructure Companies) which

acts as the sector’s voice with the main European institutions (Commission, Parliament, Council) and promotes dialogue between companies and decision-making bodies. The Group also participates in specific working Groups at the UIC (International Union of Railways) and the ERA (European Railway Agency).

Furthermore, the FS Italiane Group collaborates with the following organisations: Asvis, United Nation Global Compact, Global Reporting Initiative, the Foundation for Sustainable Development, Green Building Council Italy, RAILSponsible and the Kyoto Club.

WE SUPPORT



Green Building Council Italia



As a member of UPA (the Italian association of advertising users)⁵⁰, the Group also endorses the advertising code of ethics. There were no non-conformities in advertising in the year. No form of financial assistance and no benefits

are granted to the aforementioned associations other than the membership fees. The Group does not pay any direct or indirect contributions to political parties, movements, committees or organisations or trade unions.

⁴⁸ The CEO of Ferrovie dello Stato Italiane has been on the management committee of CER since 2019.

⁴⁹ The chairman of Ferrovie dello Stato Italiane has been the chairman of the UIC since 3 September 2018.

⁵⁰ An association that represents the interests of the most important industrial, commercial and service companies investing in advertising.



Media relations, publishing and multi-media material

In 2020, the Group was active with the national, local and international media (press agencies and national, local and international newspapers, free press, general and trade magazines, radio, television and photographic, radio and television agencies) as well as online publications, websites and blogs. Its media work included external communications, such as:

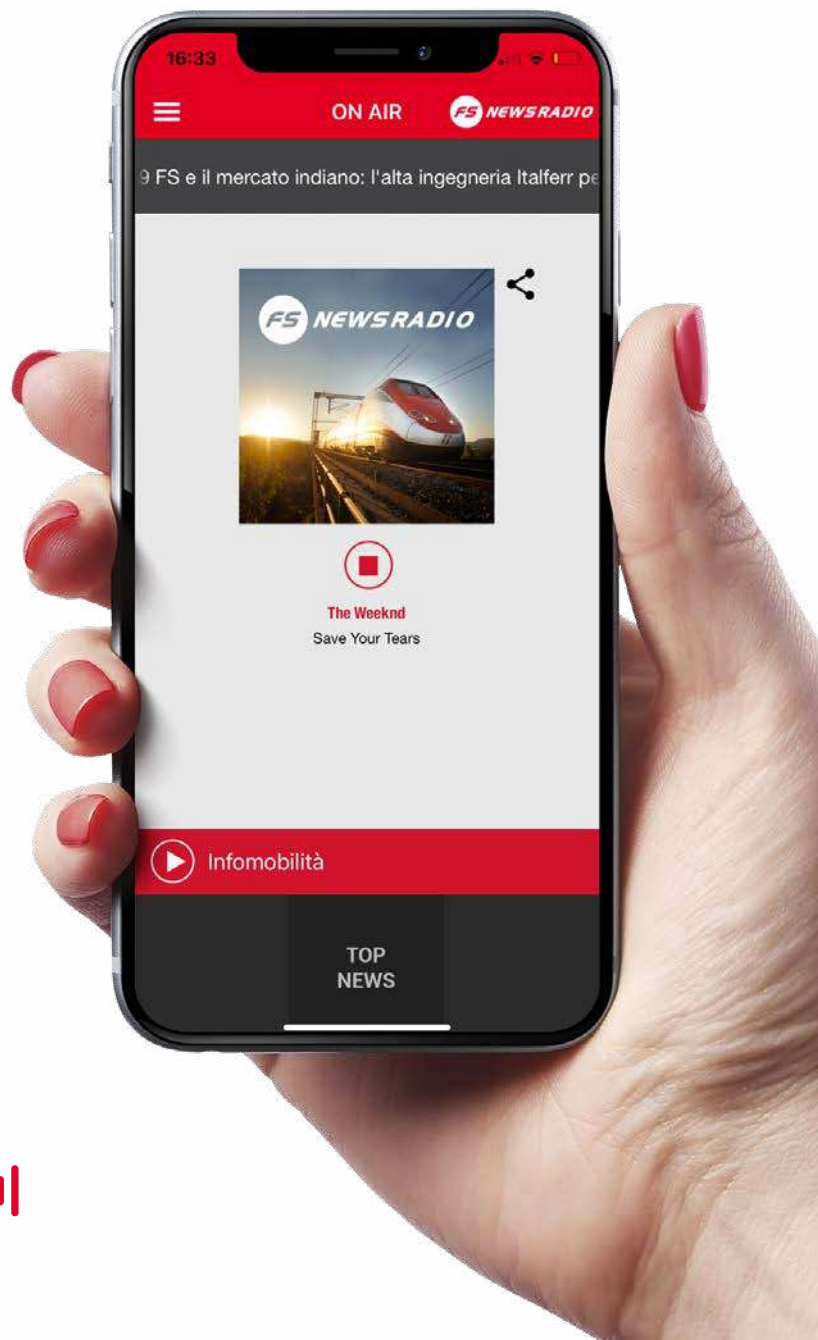
- › the online newspaper *FSNews.it*;
- › the Group's website *fsitaliane.it*;
- › *La Freccia* magazines;
- › the radio station *FSNews Radio*;
- › FSNews Telegram channel;
- › social networks;
- › the #Opentreno blog.

Over 5,000 press releases and articles were written, including some 1,500 articles for *FSNews.it*, along with over 100 podcasts and 155 videos presented on the Group's YouTube channel.

FSNews Radio

The FSNews Radio editorial department produced 435 podcasts and 67 events including live, streaming, photo, video and web events. It provided 3,060 updates on train circulation on the radio and app. In 2020, 70% less paper was used compared to 2019 to print the *La Freccia* magazine. It is printed on Forest Stewardship Council® certified paper and using recycled materials. *La Freccia* publications include:

- › *La Freccia*, the FS Italiane Group's general-interest monthly publication (12 issues);
- › *La Freccia Junior*, the children's supplement to *La Freccia* (8 issues);



Web Strategy

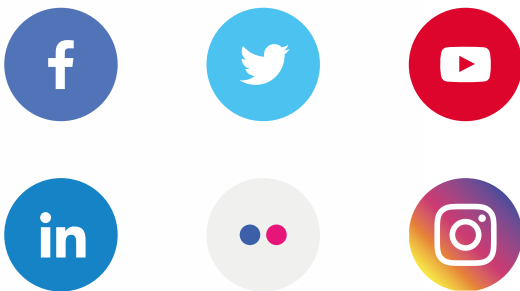
The name, graphics and logo of **FS Italiane's blog** were revamped in June 2020. This new blog, **#RailPost**, directly tells the stories of employees and passengers about issues ranging from innovation to sustainability, slow tourism and proximity.

In July 2020, **FS Italiane's website** (fsitaliane.it) launched a new Welcome Page for the **Sustainability** section, to give greater visibility to the company's commitment to sustainability, and the **Ethics, compliance and integrity** section. The latter section also provides access to the Group's whistleblowing platform.

The new company **FS International** launched its website in October 2020.

Some of the most important initiatives of 2020 were the social awareness campaigns, such as: the International Day for the Elimination of Violence against Women, Frecciarosa 2020, the 2020 fund raising campaign, #RestartingTogether, "Italy starts again - My train journey through art, beauty and sustainability" in partnership with Giubilarte, the #lePersoneeilFare digital event, FS Italiane Digital Star 2020, the 70th anniversary of Roma Termini station and the new RAILWAY heART photography feature.

The Group can also be found on:



For its internal stakeholders, the Group:

- › launched the English version of the **company intranet "we"** and, at the same time, the "we are digital" plan to support the adoption of digital workspace tools, involving over 1,000 employees;
- › launched the **#RestartingTogether** communication plan, to usher in the recovery and **corporate communication plans** - focused on sustainability, welfare, innovation, training, remote working and the digital workplace. It was promoted throughout the country by rolling out the first video walls and sending the Group's new monthly wefocus27 updates on FS initiatives;
- › started **65 professional communities** which led to 1,500 registrations in a year and over 55,000 active users;
- › engaged colleagues on **Yammer** via initiatives to share professional and personal experiences: "Tell us what has changed", "International Day for the Elimination of Violence against Women - 25 November" and "Termini70".





05

2020 SUSTAINABILITY REPORT

**FS ITALIANE
GROUP FOR
THE PEOPLE**



HIGHLIGHTS

102-15

WHAT WE HAVE ACCOMPLISHED...

PUTTING THE NEEDS OF PEOPLE AND CUSTOMERS FIRST



COMPLETION OF INFRASTRUCTURE UPGRADES IN 20 ADDITIONAL STATIONS UNDER THE EASY STATION PROJECT

related to: accessibility (raising the platforms to h%%, installing new lifts and tactile walkways); restructuring areas (reflooring platforms and halls of passenger buildings); replacing lighting systems with LED lights; upgrading public information devices and systems



ASSISTANCE FOR PASSENGERS WITH REDUCED MOBILITY

Expansion of the network of stations where assistance is offered from 301 to 332 stations (+31 stations) and setting up the National Sala Blu



TRAVEL BOOK

Implementation of service models for tourist destinations and increase in combined services and sales with public road transport providers for important commuter destinations and tourist destinations



FRIULI V.G. BICYCLE TRAIN

Medium-haul carriages transformed to hold bicycles



FAST WI-FI ON ETR 1000 AND 700 TRAINS

Installation of the new multi-operator Fast Wi-Fi completed on ETR 1000 trains. ETR 700 trains are being equipped as they are delivered



LAUNCH OF BICYCLE TRANSPORT SERVICE ON IC DAY TRAINS

HK carriages (for disabled passengers) restyled to add an area for holding bicycles



LAUNCH OF UNICO CAMPANIA APP

App for buying e-tickets using a smartphone



UPGRADE OF THE PADUA AND ROVIGO FLEET FOR URBAN AND SUBURBAN TRANSPORT

17 new buses rolled out in the vehicle fleet, including 11 for urban transport and 6 for suburban transport. Euro 6 (5 diesel and 11 compressed natural gas) or zero emission (1 electric) buses



TRAINING ON CYBER SECURITY

Training on cyber security provided to all employees for an informed and secure use of company IT resources

WHAT WE HAVE ACCOMPLISHED...

PEOPLE AND THEIR VALUE



THE FS ITALIANE GROUP ON THE FRONT LINE IN IMPLEMENTING MEASURES TO PREVENT THE SPREAD OF INFECTION

in order to protect the health of employees and customers: an intraGroup task force was set up to monitor developments in the situation and coordinate actions



OBJECTIVES REINFORCED AND PERFORMANCE IMPROVED IN WORKPLACE HEALTH AND SAFETY

recording a drop in both injuries and the frequency rate



SPECIFIC AGREEMENTS SIGNED FOR SOCIAL SAFETY NETS

in sectors most impacted by business downturns/shutdowns



OPTION OF WORKING FROM HOME EXPANDED

in order to reduce travel and encouraged when compatible with the employee's activities



SMART RECRUITING DEVELOPED

for greater digitalisation of talent acquisition processes



First place in the ranking of

MOST ATTRACTIVE EMPLOYERS IN ITALY 2020

by business young professionals



FS ITALIANE WAS NAMED ITALY'S BEST EMPLOYER FOR WOMEN 2021 IN THE STUDY CARRIED OUT BY THE ITQF QUALITY INSTITUTE



APPROXIMATELY 518 THOUSAND HOURS OF TRAINING AND HUGE DEVELOPMENT OF DIGITAL LEARNING WITH OVER 110,000 PARTICIPANTS IN E-LEARNING COURSES



SUCCESSION PLAN FUNCTIONS ACTIVATED

and a pilot project launched to

SET UP PLANS FOR HR PROFESSIONALS



A DIGITAL WORKSPACE ACTIVATED FOR ALL PERSONNEL

allowing them to continue performing their duties and enabling key processes related to employees (training, development, collaboration)

RELATIONSHIPS WITH COMMUNITIES



"I'LL PAY TODAY" CHRISTMAS FUND RAISING CAMPAIGN ORGANISED BY CARITAS IN ROME



SOLIDARITY TRAIN:

fund to help extremely disadvantaged people purchase railway tickets



INCLUSIVE STATION:

for safety of people at stations and management of social distress at stations

... WHAT WE AIM TO DO

PUTTING THE NEEDS OF PEOPLE AND CUSTOMERS FIRST



CONTINUE RENEWAL AND UPGRADE WORK AT THE STATIONS

included in the Easy Station (another 50 stations) and Smart Station projects (implementing SEM - Smart Event Management technology at 30 stations; planning an additional central SEM site at RFI's headquarters)



EXPAND THE NETWORK OF STATIONS WHERE ASSISTANCE IS OFFERED PASSENGERS WITH REDUCED MOBILITY

by at least 10 stations. Creating training activities to refresh technical and interpersonal skills and add new resources



BIMODAL TRAINS

Purchase new last-generation diesel-electric-battery bimodal trains. Traction can be diesel, to operate on diesel fuel lines, or electric via pantographs for the electric lines.



ECO-FRIENDLY TICKETING

Create an eco-friendly digital user experience for buying tickets. Customers will be able to send ticketing personnel their email address and/or telephone number to access their digital ticket on their Trenitalia personal account page or receive a link to the ticket. Also, activation of self check-in so customers can register on-board a specific regional train.



EXPAND THE NEW MULTI-OPERATOR FAST WI-FI

Install the new Fast Wi-Fi on the ETR 500 fleet



SMART FOOD SERVICE ON INTERCITY TRAINS

Introduce smart food service equipment (microwaves, fridges) on IC night trains and install self-service machines on IC day trains



"EMW" PROJECT

Introduce option of buying tickets by credit card



UPGRADE THE BUS FLEET

Replace the entire bus fleet in the municipality and province of Padua, following the awarding of the contract for the LPT service.



IMPLEMENT VIRTUAL DESKTOP INFRASTRUCTURE (VDI)

to provide virtual desktops to all employees that can be safely accessed from any device

... WHAT WE AIM TO DO

PEOPLE AND THEIR VALUE

Constantly commit to



STRICT IMPLEMENTATION OF MEASURES TO PREVENT THE SPREAD OF INFECTION

Continue



REDUCING INJURIES AND THE FREQUENCY RATE

Maintain FS Italiane's standing as the



MOST ATTRACTIVE EMPLOYER FOR RECENT UNIVERSITY GRADUATES



PROMOTE AN INCLUSIVE MINDSET AMONG MANAGEMENT

Continue



DEVELOPING THE GROUP'S TRAINING MODEL IN CORPORATE ACADEMY

and begin reskilling internal trainers/instructors



CREATE SUCCESSION PLANS

for staff departments, managers and senior management



REACH EVERYONE:

initiative aimed at supporting and listening to our people in offices, on-board, in sales and assistance, at workshops and work sites, in Italy and abroad, via **mobile communication systems** with the **new app my we** and **video-walls** installed at sites



CONTINUE CAMPAIGNS

dedicated to employees, such as: **#UNICOCOMENOI**, to enhance diversity found within the Group; **VIDEOMESSAGGI AD** on strategies issues, and **TOP TALKS** video interviews with senior management, to create a new channel of communication with employees

RELATIONSHIPS WITH COMMUNITIES



2021/2022 FUND RAISING CAMPAIGN



LAUNCH "SOCIAL ASSESSMENT"

to map and analyse social activities in order to measure their impact



TREN

Assistenza Clienti
Customer Care

FRECCIE ITALIANE



PUTTING THE NEEDS OF PEOPLE AND CUSTOMERS FIRST

103-2 103-3

The Group’s strategy places the needs of passengers and business customers to the fore. It aims to offer quality, customised services to meet their needs safely, sustainably and with integrated mobility.

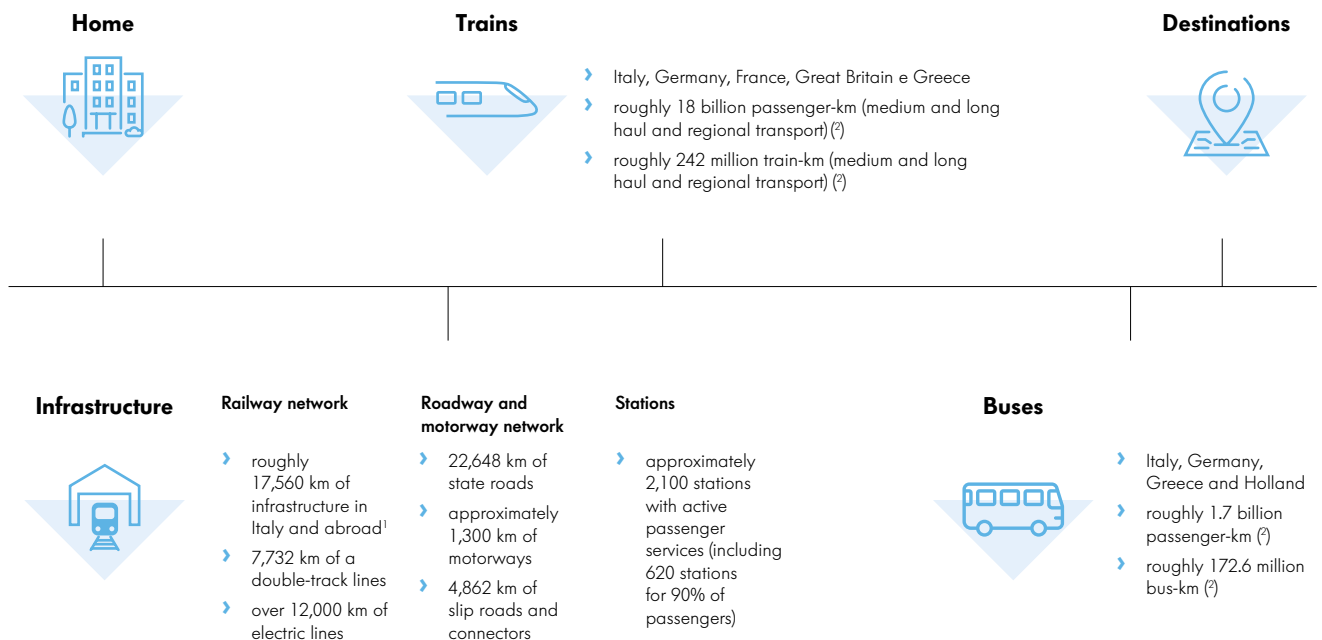
The journey covers a number of different aspects: the service offer, delivered and perceived quality, safety and how relationships with passengers and business customers are managed.

TRAVEL

102-2 102-4 102-6 102-7 102-43 102-44

The purpose of offering integrated services is to guarantee a travel experience that meets everyone’s specific travel

needs, focusing especially on those who use public transport every day.



¹ The infrastructure managed by FS Italiane Group companies in Italy and abroad covered roughly 17,560 km in 2020, with the national railway infrastructure managed by the subsidiary Rete Ferroviaria Italiana S.p.A. accounting for 16,781 km. In addition to the network operated by RFI S.p.A., the FS Italiane Group manages 474 km of Ferrovie del Sud Est e Servizi Automobilistici S.r.l. (FSE S.r.l.) lines in Italy. The Group’s remaining infrastructure, consisting of the roughly 300 km operated by Netinera Group in Germany is also part of the FS Italiane Group.

² It includes the Group companies’ passenger traffic abroad.

The Group's commitment to improving the travel experience is demonstrated by the roll-out of the new Rock and Pop trains for regional service in 2019, offering more comfort

and better performance along with a greater level of intermodality and sustainability.

New dual-traction regional train

This regional train can travel on both electric lines and diesel lines, reducing the environmental impact compared to traditional diesel trains and ensuring excellent performance in terms of comfort and safety.

Stations

Stations are one of the main "intermodal hubs", enabling people to travel with various modes of transport, often connecting the city centre with the rest of the urban areas.

The Group is deeply committed to infrastructure and management strategies that facilitate the interchange between the modes of transport used by passengers to reach stations, the centre of a new mobility model and inclusive, appealing service hubs for the local area that help develop smart cities.

These projects are implemented in close collaboration with national and local institutions, including via local planning tools such as the Sustainable Urban Mobility Plans (SUMP) and via projects such as Easy Station (to improve physical spaces in stations and public information) and Smart Station (to turn stations into digital hubs).

Stations for all

The Sale Blue network grew in 2020, increasing to 332 active stations (+31 stations compared to 2019). An additional nine stations were added to the FS Italiane Group network that assists people with reduced mobility. This ever-expanding Group network ensures widespread access to travel and care for the needs of people with disabilities. The National Sala Blu was also set up in 2020 and eight dedicated resources hired to staff the Sale Blue phone lines and to oversee and improve services for people with disabilities or reduced mobility.

To make it easier to travel and use the services in the station, the Group is progressively eliminating architectural barriers and offering assistance services for passengers with disabilities and reduced mobility. In particular, it offers a special assistance service at 332 stations throughout Italy to help passengers with physical, sensory or motor disabilities to get around.

Approximately 170 thousand services were provided in 2020, down on 2019 as a result of the fall in travellers partly due to lockdown.

Railway network

To keep the infrastructure operating efficiently and ensure maximum traffic safety, the Group is continuously committed to protecting, maintaining and strengthening

the infrastructure and its technological features, building new lines and systems and designing ever more efficient production and operating methods.

RFI OPERATING RAILWAY LINES 16,782 km¹
(at 31 December 2020)

| Classification | | Type | | Power | |
|---------------------|----------|--------------------|----------|-------------------|-----------|
| Main lines | 6,468 km | Double-track lines | 7,732 km | Electric lines | 12,065 km |
| Complementary lines | 9,364 km | | | - double track | 7,656 km |
| Hub lines | 950 km | Single-track lines | 9,050 km | - single track | 4,409 km |
| | | | | Diesel fuel lines | 4,717 km |

¹ including 70 km outside Italy

Roadway and motorway network

The Group builds, manages and maintains the network of state roads connecting all locations throughout Italy. It designs new, highly-engineered solutions to overcome connection limits on Italy's geologically complex land. It

is committed to strengthening the existing road system, improving access to cities and expanding intermodal connections, without ever losing sight of network and infrastructure safety and efficiency.

OPERATED ROAD NETWORK 29,114.647 km
(at 27 January 2021)

Classification

| | |
|--|---------------|
| Directly operated motorways | 939.106 km |
| Motorway connectors | 355.101 km |
| State roads | 22,648.118 km |
| Roads being classified or declassified (NSA) | 310.426 km |
| Slip roads and connectors | 4,861.896 km |

Trains

Railway passenger transport can be split into two main segments:

- › medium and long haul transport
- › regional

NATIONAL

Medium and long haul transport

- Frecciarossa** Up to 300 km/h. 187 daily connections between Italy's main cities (Turin, Milan, Venice, Bologna, Florence, Rome and Naples)
- Frecciargento** Up to 250 km/h. 48 daily connections between Rome and some of the main metropolitan areas in the north and south of the country
- Frecciabianca** 42 trains per day connect medium and large cities from 5am to 9pm
- Intercity** Day and night Intercity trains travel on the traditional lines and connect large and medium cities
- Internazionali** Eurocity and Euronight trains connect the main Italian cities with major cities in Austria, Germany, Switzerland and France

Regional



Services

Frequent service in cities and fast connections between major regional hubs, ensuring that the two different service levels intersect at the "gateway stations"

Fleet

Purchase of new, more modern and comfortable trains (Pop and Rock) for regional and local transport

Widespread network

Metropolitan, regional and inter-regional network of trains all day long

INTERNATIONAL

France



Day connections between France and Italy and night connections between Paris and Venice

Germany



Regional public transport in Bavaria, Saxony, Thuringia, the Czech Republic and Austria. In the metropolitan areas of Berlin, Brandenburg, Bremen and Hamburg. Fleet of approximately 370 trains. Directly managed network of roughly 260 km mainly in the Lower Saxony area.

Greece



Passenger transport in three segments: Intercity (connections between main prefectures – from Patras to Alexandroupolis; Dikaia to Florina; Athens to Thessaloniki), suburban (regions of Athens, Thessaloniki and Patras) and international (Sofia, Belgrade, Bucharest).

UK



Passenger transport from London (Fenchurch Street) to Basildon, Southend and Grays, passing through 26 stations in East London and South Essex. From London to Birmingham, Manchester, Liverpool, Preston, Chester, Edinburgh and Glasgow

Buses and trams

Road passenger transport completes the Group’s integrated offer, operating on a national and international level.

| NATIONAL | |
|--|--|
|  <p>Local</p> <p>Local public transport (urban and suburban) in major Italian cities Florence, Padua, Perugia and Salerno. In addition to other cities in Campania, Puglia, Tuscany, Umbria and Veneto.</p> | <p>Long haul</p> <p>Freccialink</p> <p>Integrated service consisting of dedicated buses that connect medium-sized cities and tourist cities with the HS Freccie trains from Bologna, Bolzano, Florence, Lecce, Milan, Naples, Rome, Salerno, Turin, Venice and Verona.</p> |
| INTERNATIONAL | |
|  <p>Germany</p> <p>Public road transport in the North Rhine-Westphalia region, Frankfurt on Maine, Hamburg and Hanover with a fleet of approximately 650 buses and around 500 minibuses for the transport of students and people with reduced mobility.</p> |  <p>The Netherlands</p> <p>Local public transport in the metropolitan area of Utrecht, in the province of Groningen-Drenthe and in the Drechtsteden, Molenlanden and Gorinchem (DMG) area.</p> |

FOCUS ON PEOPLE

102-43 102-44

Delivered and perceived service quality is of strategic importance to the Group to improve the travel experience of each and every train or bus passenger, to offer increasingly personalised services and to satisfy the needs of the customers who trust the Group to transport their freight every day.

Some time ago, the Group implemented a process to monitor customer care on the basis of the parameters stated in the service charters and to monitor customer

satisfaction through interviews with a sample of passengers/customers, aimed at understanding their expectations and level of satisfaction. Furthermore, in order to guarantee appropriate feedback, a complaints monitoring system was implemented to actively listen to customers and improve the efficiency and effectiveness of services.

The following paragraphs give a summary of the Group’s performance indicators.

⁵¹ Trenitalia publishes the Service Charter to express its principles and commitments to improve the services it offers.

⁵² In this document, “complaints” means reports received, while “inefficiencies” means issues associated with “complaints”. In particular, a complaint may refer to more than one inefficiency.



Infrastructure – railway network and stations

The quality targets established in the service charter (drawn up in compliance with the relevant legislation for public transport services - Directive of the Prime Minister of 27 January 1994 and the Prime Minister’s decree of 30 December 1998) for the railway network and stations are constantly monitored and reported.

In 2020, all targets were achieved, including both the perceived quality targets measured on the basis of customer satisfaction surveys and delivered quality targets measured through internal monitoring and by third parties.

RAILWAY NETWORK / STATIONS

| INDICATOR | BALLAST FROM RECYCLED MATERIALS | SECURITY AT THE STATION | ACCESSIBILITY OF STATIONS |
|-------------|---|---|---|
| 2020 TARGET | Field testing of ballast made out of the by-products of high-quality steel processing | Number of thefts in stations below the three-year average number ¹ | Roll-out of the national Sala Blu for the continuous improvement of telephone contact with passengers requesting assistance service |
| 2020 ACTUAL | ✓ | ✓ | ✓ |

¹ Excluding thefts in shops. During the 2008-2010 three-year period, which is considered the consolidation period for the effects produced by the agreement active from 2007 between the parent, FS Italiane S.p.A. and the Ministry of the Interior for the development of joint actions to improve the safety of the customer and Group assets.

Legenda: ✓ Target achieved

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 substantially in line with 2019, remaining above the 90% threshold for nearly all macro-factors for the entire network⁵³.

ENVIRONMENT IN THE STATION



QUALITY

Overall quality of the station

-0.3 p.p.

2020 actual: 96.8%
2019 actual: 97.1%



INFORMATION AT THE STATION

Perception of information under critical operating conditions

+1.0 p.p.

2020 actual: 95.8%
2019 actual: 94.8%



ASSISTANCE

Satisfaction with the assistance service provided by the Sale Blu network

-0.6 p.p.

2020 actual: 99.0%
2019 actual: 99.6%

Complaints totalled 4,690 in 2020, compared to 6,741 in 2019. This decrease is a result of the emergency generated by the COVID-19 pandemic which especially during the long lockdown period almost entirely eliminated the presence of passengers and station users. The number of people present was also subsequently limited by the provisions of the Prime Minister's decrees and the





restrictions imposed by the regional authorities to prevent the spread of the virus. The number of inefficiencies also dropped (4,673) as a consequence of the fewer complaints received. The main complaints (approximately 70% of the reported inefficiencies) related to public information, comfort in the station, security at the station, architectural barriers and the cleanliness of spaces in the station.



⁵³ The following charts and pages use "p.p." to indicate percentage point changes in the indicators.

Roadway and motorway network infrastructure

The Group monitors the targets established in the service charter for the **roadway and motorway network**:

| ROADS AND MOTORWAYS | | |
|------------------------|---|--|
| INDICATOR ¹ |  SERVICE REGULARITY |  FOCUS ON THE ENVIRONMENT |
| 2020 TARGET | Amount of time road closed for unexceptional snowfall and/or not due to scheduled closing on sample sections Standard time: ≤ 12 hours | Production of energy from renewable sources (photovoltaic) Standard amount: ≥ 750 Giga joules |
| | 2020 ACTUAL  | 2020 ACTUAL  |

¹ main indicators in the Anas service charter

Legenda:  Target achieved

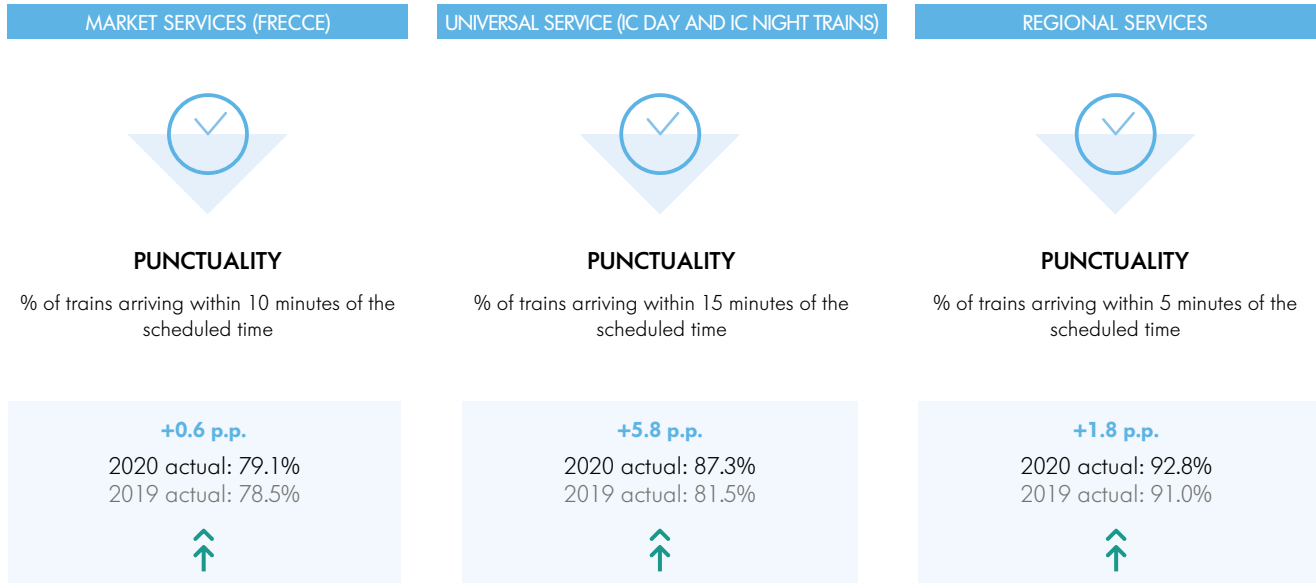
A customer satisfaction survey was also conducted during the year to gather feedback on the opinions and satisfaction of customers who had contacted the central and peripheral public relations offices.

Survey respondents reported a satisfaction rate of 7.5 out of 10 (for the first nine months of the year).

There has been a downward trend in complaints over the past three years, from 718 in 2018 to 650 in 2020. Customer Service carefully analyses each complaint and catalogues them by the type while also cross-checking them with the road/motorway of reference. This identifies any recurring issues to facilitate a subsequent action plan.

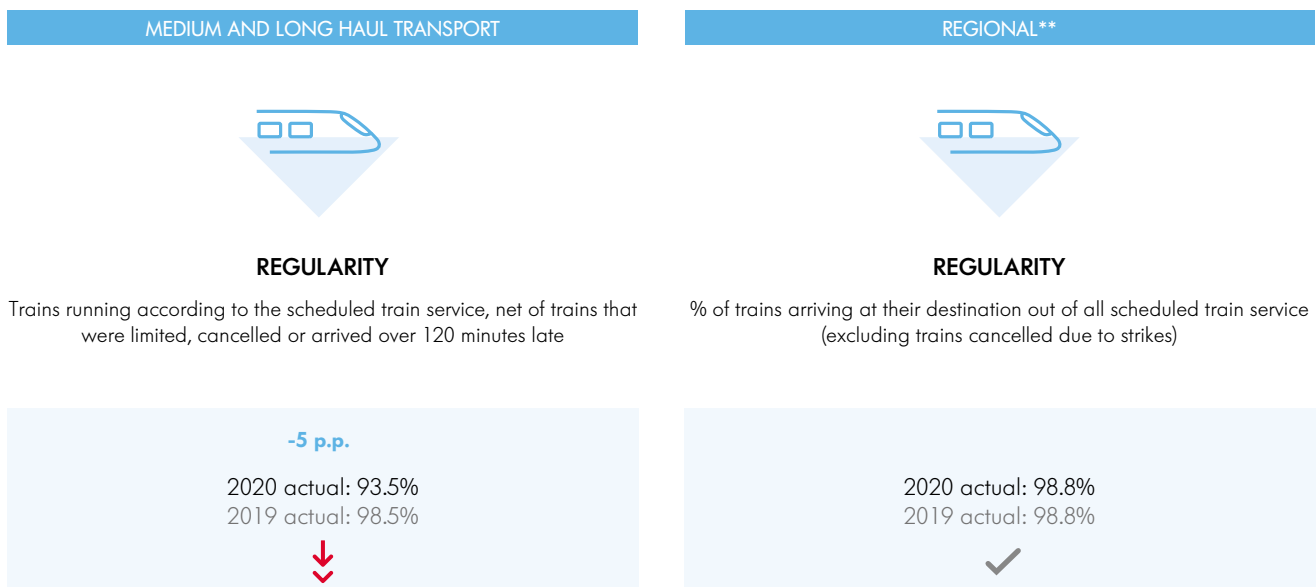
Trains - Italy

Punctuality⁵⁴ improved for all service types.



Regularity worsened in the medium- and long-haul transport services as a result of cancellations caused by the COVID-19 emergency. Regularity in regional services

remained in line with 2019 as the calculation excluded trains cancelled due to the emergency.



** Regularity figures exclude trains cancelled due to the COVID-19 emergency.

Legenda: Improved Stable Worsened

⁵⁴ Trains are considered late if they arrive after the limit indicated below (considering all trains with 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 haul and short haul journeys and local/regional transport). Surveys are conducted using face-to-face and telephone interviews.

In 2020, 95.3% of passengers on medium and long haul

trains reported satisfaction with the overall journey, up 2.3% on the previous year.

Overall, all of the main aspects recorded improvements on the previous year. Specifically, satisfaction with time on board the train (+2.2 p.p.), comfort (+2.0 p.p.) and cleanliness (+2.2 p.p.).

MEDIUM AND LONG HAUL TRANSPORT



OVERALL JOURNEY

+2.3 p.p.

2020: 95.3%
2019: 93.0%



TIME ON BOARD (OVERALL SCORE)

+2.2 p.p.

2020: 95.7%
2019: 93.5%



CLEANLINESS

+2.2 p.p.

2020: 93.0%
2019: 90.8%



COMFORT

+2.0 p.p.

2020: 95.4%
2019: 93.4%



Legenda: Improved Stable Worsened

⁵⁵ Surveys 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. The number of interviews had to be adjusted in 2020 due to the COVID-19 health emergency. Specifically, no surveys were conducted in March and May.

⁵⁶ Surveys are conducted once 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. The number of interviews had to be adjusted in 2020 due to the COVID-19 health emergency. Specifically, no surveys were conducted in March and May.

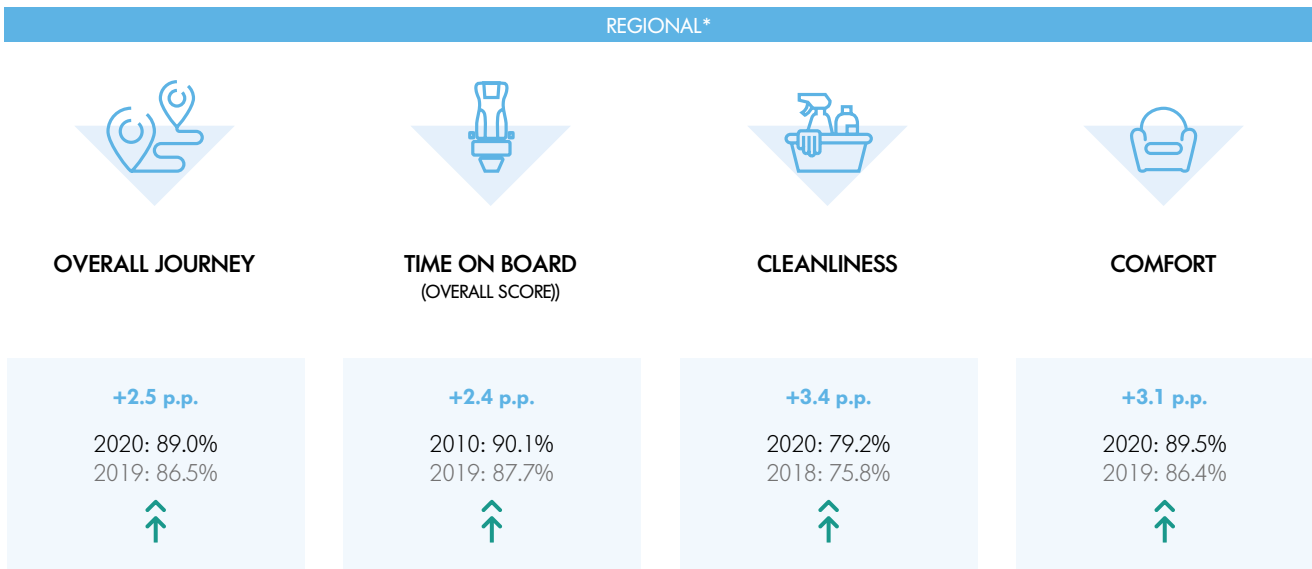
⁵⁷ Face-to-face interviews are conducted at the station before the interviewees board their trains. Telephone interviews using CATIs (computer assisted telephone interview), are conducted through call-backs to interviewees two/three days after the journey. The score for each variable considered in the 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.

⁵⁸ Satisfaction with the overall journey considers all stages of the journey (door to door).

The regional transport survey results also show higher passenger satisfaction.

89.0% of passengers were satisfied with the overall journey (up 2.5% on 2019) and there was higher

passenger satisfaction with all main aspects of the journey overall, in line with the Group's efforts and investments in regional transport to improve the customer experience for everyone, but especially commuters, who take the train every day.



* Now operated by TrenitaliaTPER, regional transport in Emilia Romagna left the Regional Passenger Division scope in 2020.

Legenda: Improved Stable Worsened

While the regional transport customer satisfaction indicators were positive in general, they were particularly high at local level in Friuli Venezia Giulia, Valle D'Aosta and the province of Bolzano, where over 95.5% of interviewed passengers were satisfied with their time on board the train. In the Abruzzo, Piedmont, Tuscany and Veneto regions and the province of Trento, over 93.0% of passengers were satisfied with their time on board the train.

The regions that show the greatest improvements on 2019 are Calabria (+6.1 p.p. in satisfaction with time on board the train), Campania (+5.4 p.p.) and Sardinia (+4.9 p.p.).

The careful management of complaints is a vital tool for interaction with customers because it enables the Group to monitor and analyse reported inefficiencies, improve performance and provide a service that is increasingly tailored to travellers' needs.

For the systematic and efficient management of complaints, the Group has set up an organisation spread throughout Italy consisting of:

- › local offices that manage complaints paperwork and replies to customers;
- › a network of focal points capable of identifying the issues that customers report and taking the appropriate action for resolution.

⁵⁹ Overall journey satisfaction considers all stages of the journey: pre-departure, arrival at the station, time at the station, journey on board the train, leaving the station and post-arrival.

Complaints are managed on an integrated IT customer relationship management platform that analyses and handles complaints synergetically with other means of customer contact (such as ticketing offices, customer care centres at stations, online, the call centre, post and e-mail). The complaints management process is as follows: complaints received from customers - online, complaint form or via letter - are forwarded to the IT programme for complaints and assigned to the specific local offices responsible for managing them. After being analysed, the complaint is sent to the focal points, i.e., technical staff capable of identifying the issues reported by the customer, taking any corrective action to resolve the reason for the fault reported and providing the complaint manager with the information necessary to send a response. The response is sent and, where appropriate, considering the seriousness of the inefficiency, the customer is offered a voucher. Currently, the most frequently used channel is the website, through which most reports arrive.

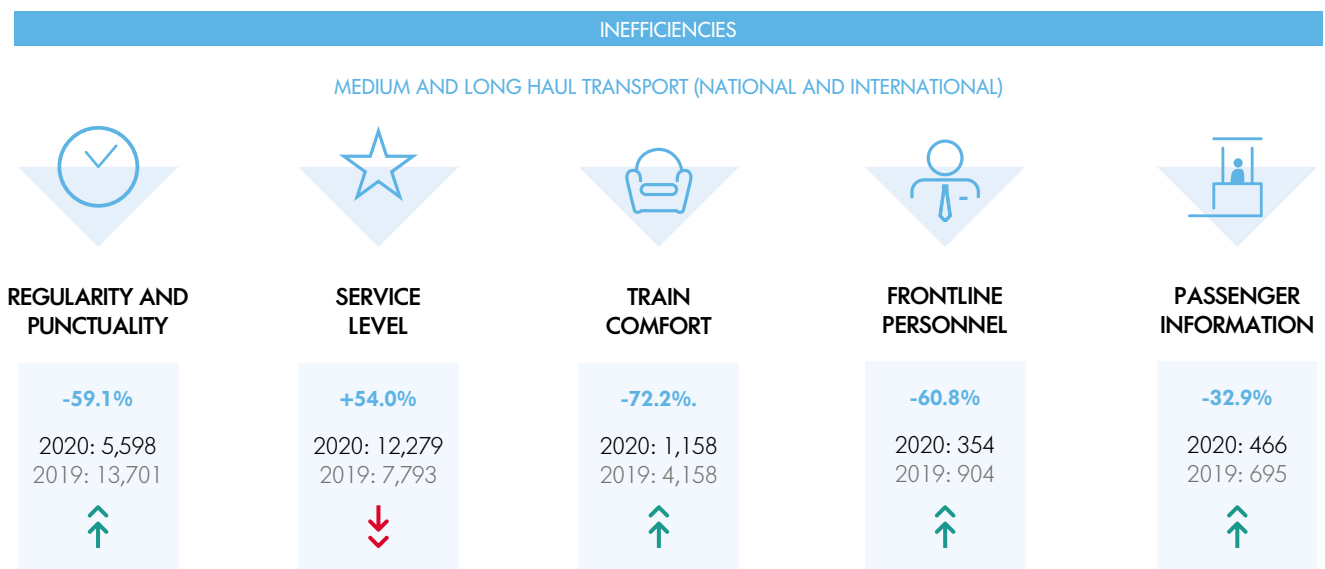
The complaints are broken down by type: pre-travel (e.g., information, ticketing), travel (e.g., assistance, on-board comfort, environment, functioning of equipment, comfort categories) and post-travel (e.g., assistance with delays, refunds/compensation).

In 2020, Trenitalia received a total of 74,942 complaints related to medium and long haul transport, up 63% on the previous year, while the number of inefficiencies reported fell 28% to 20,497.

The lower number of inefficiencies reported is linked to reduced railway connections and passengers as a result of the measures taken to curb the spread of COVID-19. The overall increase in reports received (from 45,990 to 74,942) largely refers to other requests not related to specific inefficiencies but mainly regarding requests related to the measures introduced during the public health emergency. The main inefficiencies reported for medium and long haul transport trains concerned the service level (+54% on 2019), punctuality and service regularity (-59% on 2019) and comfort which plummeted 72% on the previous year.

These reductions are chiefly attributable to the public health emergency which caused huge cuts to transport supply and demand and, as a result, decreases in the number of inefficiencies reported.

The main inefficiencies reported in complaints are broken down below:



Legenda:  Improved  Stable  Worsened

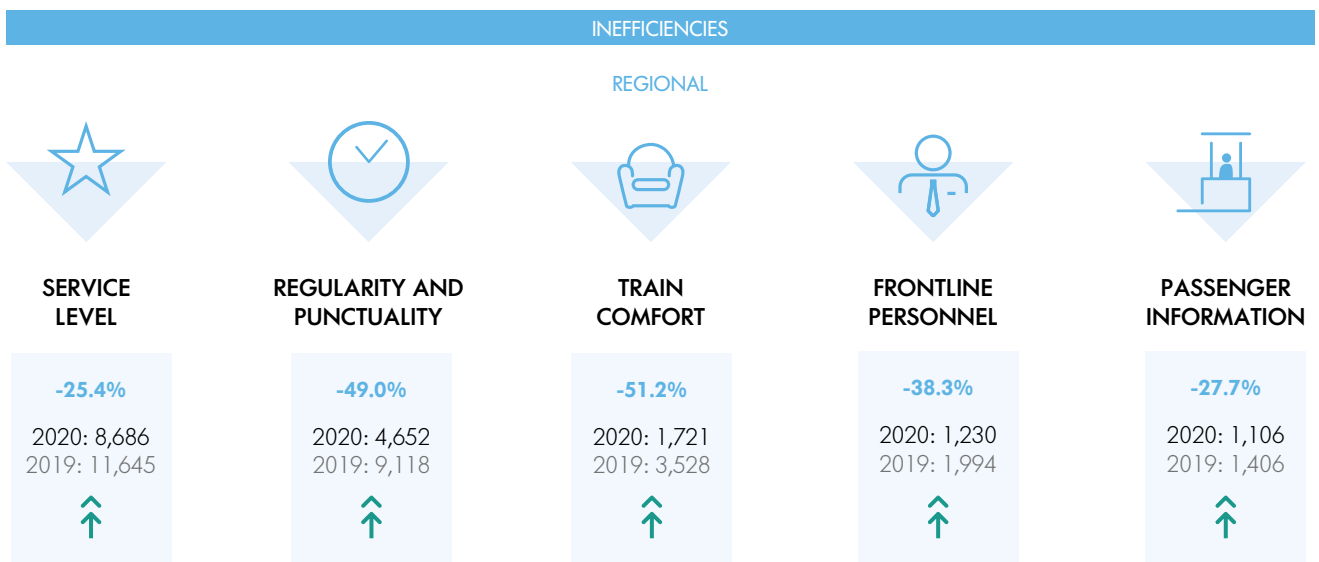
19,805 complaints were handled for the regional service during the year, dropping sharply on 2019 (-40.9%), while 21,566 inefficiencies were flagged (-40%).

This decrease was due to reduced traffic as a result of government measures introduced to prevent the spread of the virus, which also had an impact on the type of inefficiencies reported.

In comparison with the different categories of

inefficiencies reported in 2019, those related to regularity and punctuality (-8.63 p.p.) and comfort (-3.68 p.p.) decreased, while reports about the service level (+1.70 p.p.) and safety (+1.44 p.p.) grew. There was an overall increase in reports not related to inefficiencies (+10.43 p.p.), due to the COVID-19 emergency, while other aspects remained more or less unchanged.

The main inefficiencies reported for regional transport compared with the previous year are broken down below:



Legenda: ↑ Improved ✓ Stable ↓ Worsened

In 2019, the Group also introduced a fair settlement procedure whereby customers who are dissatisfied with the response they have received to a complaint or request for a refund/indemnity can have the Settlement Commission re-examine their complaint or request.

This procedure is free and non-binding for customers, who may decide whether to accept the proposed solution or not. The European Commission recognises the fair settlement procedure as a best practice in Europe and Italy. 814 requests were handled during the year, 754 of which received in 2020 and 60 in 2019.

Ferrovie del Sud Est

This subsidiary, which provides the railway passenger transport service for the Puglia regional authorities in the provinces of Bari, Taranto, Brindisi and Lecce, also carries out an annual customer satisfaction survey.

Face-to-face interviews are carried out with users of the various services, specifically on-board the sampled trains. Based on the data provided on the use of FSE services, a sample of trains was extracted based on line, time of day and day of the week. 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. Factors which scored highest are travel safety (90.3% of passengers satisfied), courtesy and politeness of personnel (87.8% of passengers satisfied), professionalism and expertise of personnel (87.4% of passengers satisfied) and overcrowding/seat availability (83.1% of passengers satisfied). Aspects that need improvement, on the other hand, are focus on the environment and pollution (59.9% of passengers satisfied), punctuality (58.6% of passengers satisfied), cleanliness and hygiene of vehicles (57.7% of passengers satisfied) and journey time/duration (48.6% of passengers satisfied).

Trains - UK

The Group operates in the UK through Trenitalia C2C, which operates the passenger transport service between London and Essex. The percentage of trains arriving on time is basically unchanged if trains arriving within three minutes of the scheduled time are also considered.

Passenger satisfaction is measured in the half-yearly National Rail Passenger Survey. The number of passengers surveyed in 2020 was 39% lower than in 2019 and the results are slightly down on those of the previous year. The rate of satisfaction with the overall journey was 82% (86% in 2019).

UK



PUNCTUALITY*

within three minutes

+0.6 p.p.

2020: 95.6%
2019: 95.0%



OVERALL JOURNEY**

% of satisfied passengers

-4.0 p.p.

2020: 82.0%
2019: 86.0%

* performance of two quarters in 2019 and 2020

** survey performed in spring 2019 and 2020

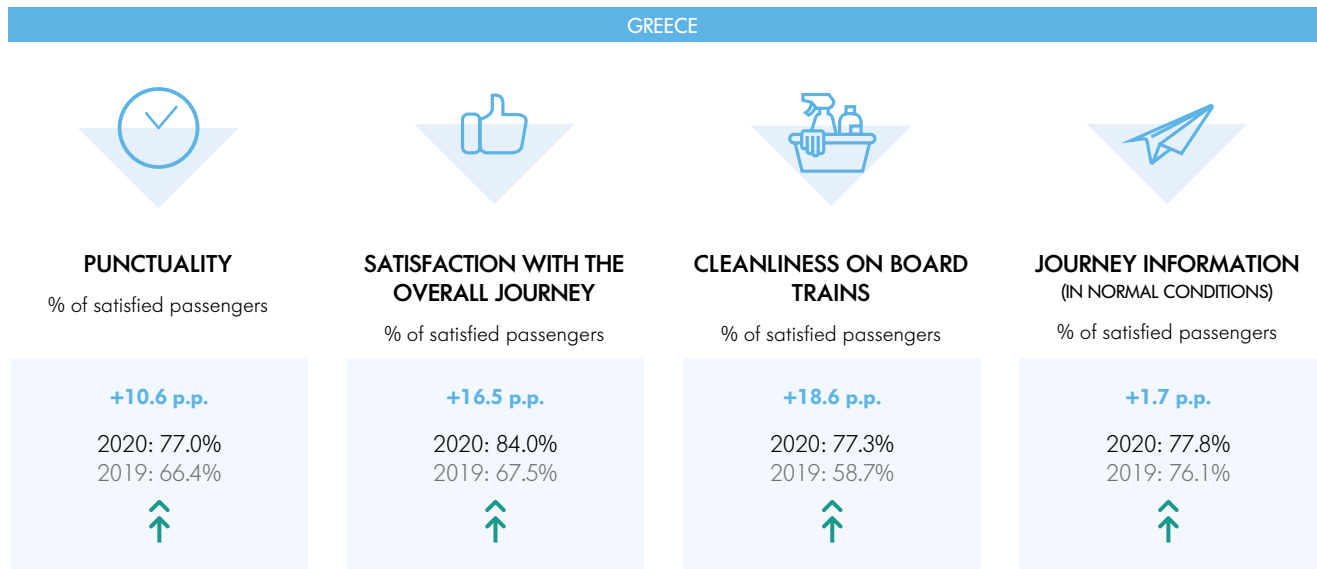
Complaints are managed by the customer relationship management (CRM) department which aims to reply to 95% of reports received within 10 working days and 100% within 20 working days.

Approximately 7,800 complaints were handled in 2020 with an average response time of 29.93 days. The main complaints related to the ticket and refund policy (approximately 3,500 complaints), using the smartcard for buying tickets (roughly 1,900 complaints) and reliability (520 complaints).

Trains - Greece

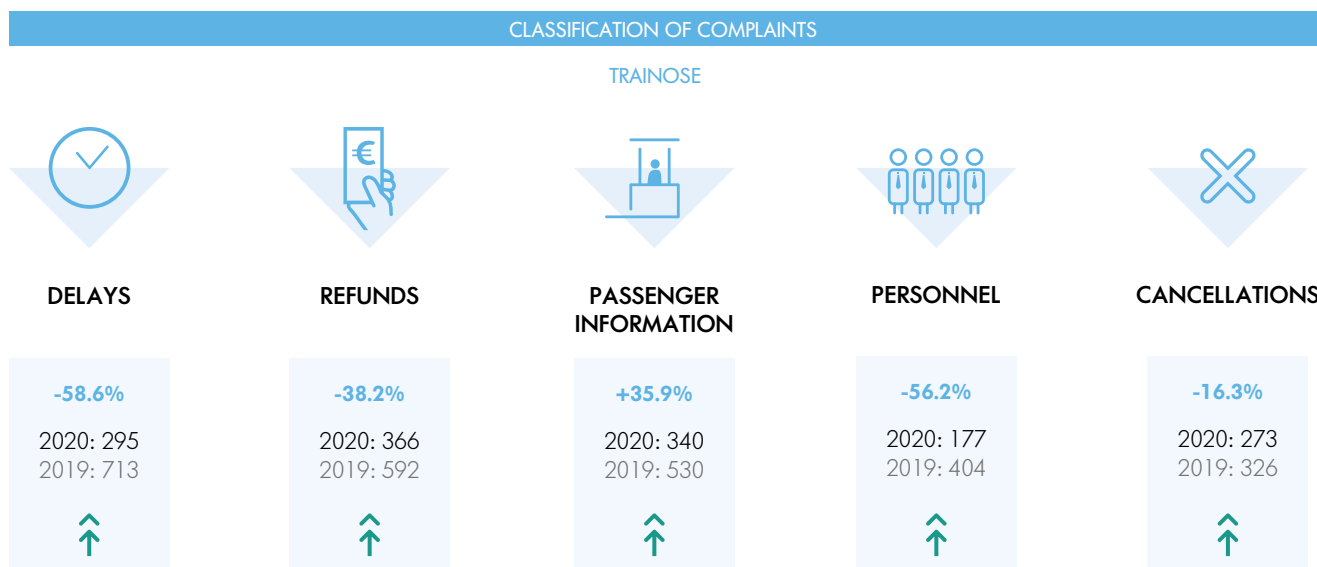
TrainOSE measures passenger satisfaction quarterly (e.g., surveys and mystery clients). The sample analysed amounted to 2,000 passengers (including

all business segments: long haul, interurban, regional). All parameters improved significantly on 2019. In particular:



There was a significant drop in the number of complaints in 2020, totalling 1,787 (at 10 December) compared to 2,795 in 2019. This is mainly due to cancellations and restrictions to movement of the population due to the pandemic.

There were numerous requests for refunds received from passengers who could not use their tickets due to these restrictions. Many requests to extend passes were also received for the same reason.



Legenda: Improved Stable Worsened

92.5% of complaints received a response within the time limit (within the 30 or 90 days for first replies) in 2020. The

average response time was 11.7 days (compared to 18.8 days in 2019).

Trains - Germany

The Netinera Group uses the methodology defined by the Public Transport Authority to monitor punctuality and passenger satisfaction on a regional basis and

according to the type of service offered. This is why summary indicators are not available at Group or company level.

Buses and trams

Road passenger transport completes the Group's integrated offer, operating on a national and international level.

Italy

Customer satisfaction targets are reported in the various service charters prepared on a regional, provincial and municipal basis and separately for the urban and suburban services.

In Italy, bus punctuality (i.e., the percentage of delays out of total runs) improved on the previous year 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). This improvement was conditioned by the fact that all operations were strongly impacted by the COVID-19 emergency from March onwards. This caused a huge contraction in the demand for transport and a resulting adjustment to the services offered by Busitalia and subsidiaries as ordered by the granting bodies.

ROAD PASSENGER TRANSPORT



PUNCTUALITY (URBAN)

(% of arrivals within five minutes of the scheduled time)

+6.2 p.p.

2020 actual: 96.5%
2019 actual: 90.3%



PUNCTUALITY (SUBURBAN)

(% of arrivals within 15 minutes of the scheduled time)

+6.2 p.p.

2020 actual: 94.5%
2019 actual: 88.3%



Legenda: Improved Stable Worsened

The results of the 2020 survey for perceived quality are not shown here because the significant differences with respect to 2019 make the data difficult to interpret.

The Covid-19 pandemic hugely impacted customer satisfaction monitoring. It compromised the statistical reliability of the results and distorted comparability with previous years.



The exceptional conditions that significantly hindered monitoring are a result of two interconnected macro factors:

- › upheaval of the methods used during the year in order to comply with regulations imposed to contain the virus. The method went from two annual surveys (one via computer assisted personal interviews (CAPIs) and one via face-to-face interviews) to one web-based survey via computer assisted web interviewing (CAWI);
- › the impact of the public health emergency on people’s mobility.

These disruptions included: reduced passenger flows (from 40% to 70% less passengers), downscaled services, the timing of the survey (just one survey, carried out outside the school year), methodology (the CAWI method statistically has a higher sampling error due to both the self-selection of participants and the over-representation of more critical and unsatisfied passengers who are more inclined to take part in surveys) and the sample number (only 2,353 people compared to 12,547 in 2019).

Lastly, the impact of the Covid-19 emergency on the passenger experience also needs to be taken into

consideration, along with the lessened propensity to use public services among people who have begun to view public transport with fear and unease, seeing it as a potentially dangerous place that should be avoided if possible.

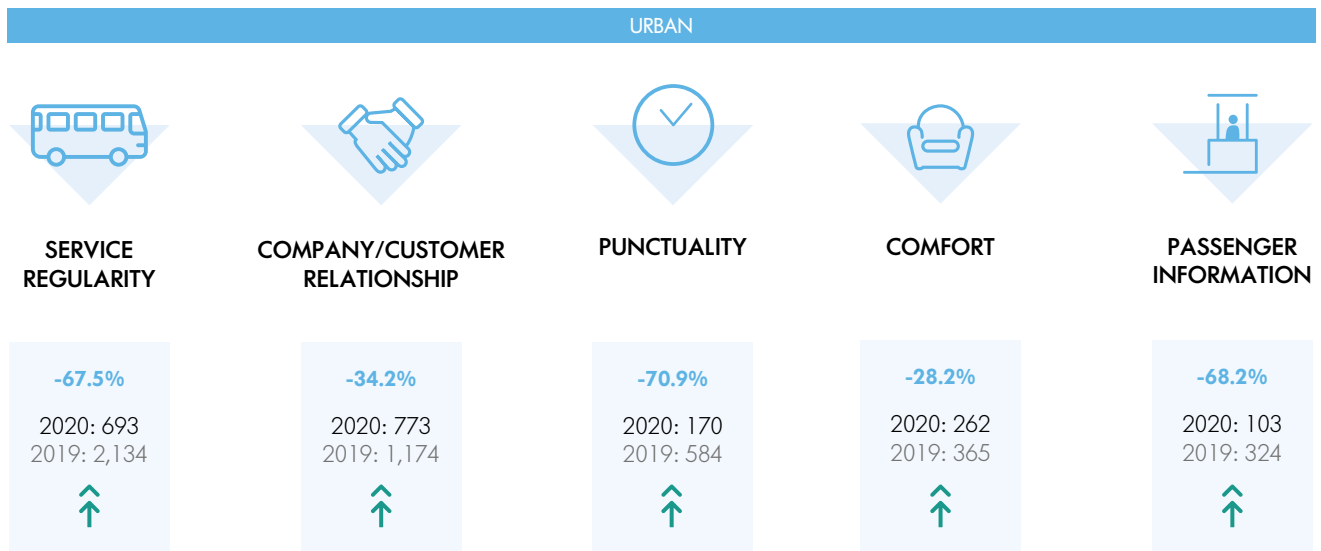
The Group’s commitment to the scrupulous management of complaints in order to rapidly respond to customers extends to the road passenger transport segment as well. The number of complaints was greatly impacted by issues related to the pandemic.

4,534 complaints were received in 2020 (for both the urban and suburban segments), compared to 6,719 in 2019.

By analysing the complaints received, the Group is able to focus its efforts on the areas that passengers see as the weakest, to improve the services it provides and boost passenger satisfaction.

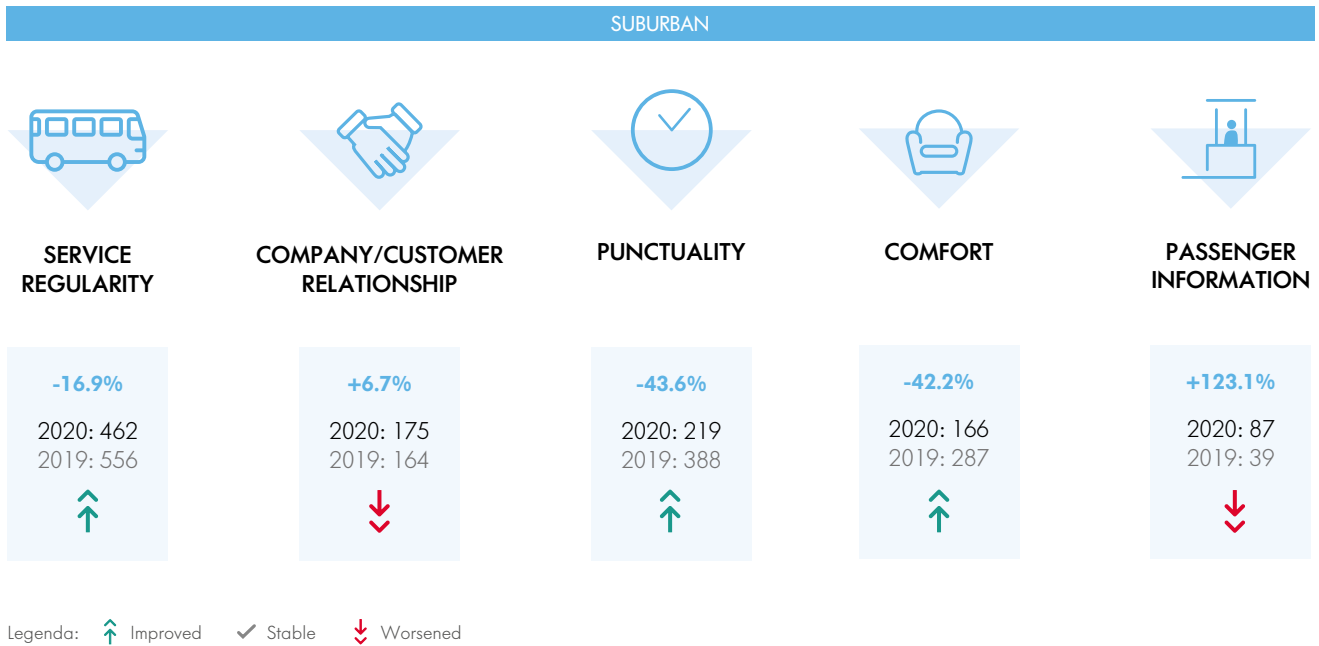
The most frequent type of complaints regard service regularity, punctuality, on-board comfort, customer care and information provided.

In particular, 2,945 complaints were received for the urban segment (5,215 in 2019).



Legenda:  Improved  Stable  Worsened

1,589 complaints were received for the suburban segment (1,504 in 2019).



Ferrovie del Sud Est

FSE, which provides the local road transport service in the provinces of Bari, Taranto, Brindisi and Lecce, also carries out an annual customer satisfaction survey.

Face-to-face interviews are carried out with users of the various services, specifically at sample bus stops on the main network hubs. Based on the data provided on the use of FSE services, a sample of bus stops around Puglia was chosen to best catch passengers of the different lines in the area. 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. All of the parameters analysed recorded over 63% of satisfied passengers. Specifically, factors which scored highest are safety on board from theft, harassment, assault, etc. (93.2% of satisfied passengers), travel safety (90.7% of satisfied passengers), professionalism and expertise of personnel (89.1% of satisfied passengers) and availability of tickets and extension of the sales network (87.7% of satisfied passengers).

The Netherlands

Qbuzz' passenger satisfaction monitoring system includes a national "OV barometer"⁶⁰ survey covering all routes and concession operators.

In the areas where the Group operates (Utrecht and Groningen), the satisfaction score for the services was 7.7 (on a scale of 1 to 10), in line with the previous year. The results for 2020 refer to the first quarter only because the survey could not

be conducted in the subsequent quarters due to the pandemic.

Complaints can be sent by: letter, web form, Facebook, Twitter, email, chat and Whatsapp. The response times depend on the channel used: Facebook, Twitter and Whatsapp within three hours of receiving the complaint, while more traditional channels (letter, web form and email) have a maximum response time of seven days.

⁶⁰ "OV-Klantbarometer" is the name of the national survey conducted by a third party to gather feedback from public transport passengers (urban and regional). Passengers may score the various aspects of the service. The survey is conducted annually between on buses, trams, underground trains, regional trains and ships in most of the areas covered by public transport service concession operators. In 2020, the survey was only carried out in the first quarter due to the pandemic.



55411

One

HYBRID

ataf



USCITA
EXIT

+Eco Bus - Emissioni = + Ambiente

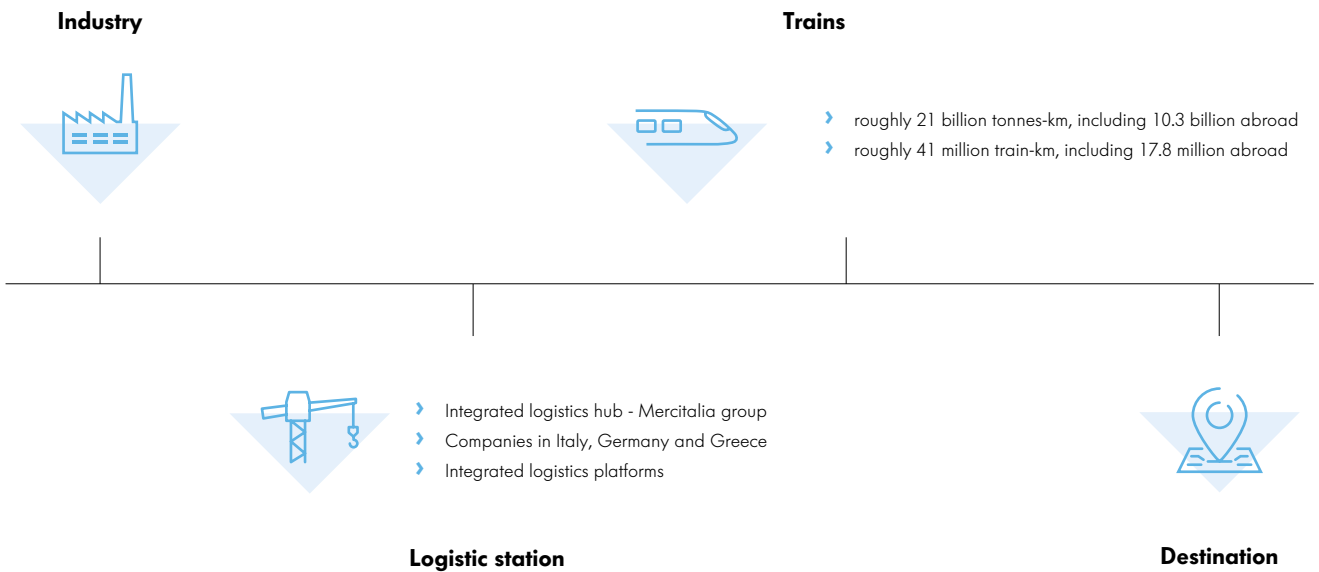


INTEGRATED LOGISTICS

102-2 102-4 102-6 102-7 102-43 102-44

The Group intends to present itself as an integrated logistics operator, both in Italy and abroad, contributing to improving the freight transport system and promoting the modal shift: from road transport to rail, with fewer

social repercussions (accident rate, traffic congestion) and environmental repercussions (lower atmospheric emissions and less energy consumption).



The Group's commercial offer⁶¹ is based on a wide range of Italian and international connections. It satisfies the needs of the different product sectors, which has also

entailed structuring a business unit which guarantees less time-to-market for customers:



⁶¹ Mercitalia hub, the Group's freight segment, is led by Mercitalia Logistics and is composed of: Mercitalia Rail, which is Italy's largest rail freight Company; TX Logistik Group, which is Germany's second-largest railway freight carrier, operating in many other European countries as well; Mercitalia Intermodal, Italy's largest combined road/rail transport operator, and the third largest in Europe; Mercitalia Transport & Services, which specialises in road freight transport and value-added logistics; Mercitalia Shunting & Terminal, one of the largest intermodal terminal operators in Italy, which designs, creates and maintains freight connections and rolling stock shunting and maintenance services, including intermodal inland terminal operations; and TerALPTer.Alp (Terminal AlpTransit), which specialises in building cutting-edge terminal infrastructures.

INTERNATIONAL FREIGHT TRANSPORT

At international level, the Group offers logistics and rail solutions in Austria, Denmark, France, Germany, Greece, Norway, the Netherlands, Poland, Romania, Sweden and Switzerland. The main freight traffic sectors to which the Group offers dedicated services are: chemical, wood and paper, raw materials, mining, agriculture and automotive.



Second green bonds: new electric engines and new wagons

The Group completed the purchase of 40 new electric engines and 140 new wagons for freight transport. The new electric engines are designed to minimise energy consumption and significantly upgrade the efficiency of previous models. Parking mode and eco-mode enable minimal energy consumption when parked and the use of the engine when partially charged, reducing vibrations and the level of noise.

The new wagons are approximately 1,400 kg lighter than the previous generation and generate less noise pollution than the current wagons. The electro-dynamic braking system, lighter weight and other features also improve energy efficiency.

In 2020, the Mercitalia companies conducted a customer satisfaction survey on its main customers.

The Group demonstrates customer centrality by:

- › providing tailor-made services;
- › delivering flexible transport solutions that are more efficient and competitive, in line with expectations;
- › forging valuable company/customer relationships to ensure adequate, timely and customised offers;
- › innovating and developing strategic drivers, combined with updating the Mercitalia Group's vehicles and infrastructures.

Specifically, the surveys were carried out through different channels: online, via a dedicated platform or by sending a survey to a sample of customers.

Customers rated Mercitalia Rail's overall services 7.0 out of 10, in line with 2019. Service safety received an average score of 7.5 and administrative assistance to customers was rated 7.0 (in line with 2019).

The Mercitalia Group confirmed its attention to customers and service quality by maintaining quality certification in accordance with the UNI EN ISO 9001:2015 standard.

The Group's commitment to carefully handling complaints in order to provide services that are increasingly tailored to its customers' needs extends to the freight segment as well. All complaints received from customers are handled by investigating into the causes behind the inefficiency and providing a prompt response to the customer, indicating any corrective measures if possible.

Mercitalia Rail received 84 complaints in 2020, down on the previous year (-6.7%). 95% of complaints received a response within the set timeframe and the main causes for complaint were management of inefficiencies and reliability (trains stopping in transit and cancellations).

PROMOTING SAFETY

416-1 416-2

Not only is the safety of people a priority for the FS Italiane Group, but it is a strategy as well, and one that translates into a daily commitment to providing all services according to the highest standards on its railway and roadway networks.

This commitment has led the Group to adopt certified maintenance processes, use sophisticated diagnostics tools and invest significantly in non-routine maintenance, security and technologies, which in 2020 amounted to:

- › approximately €3.1 billion in infrastructure (+6.5% on 2019);
- › approximately €419 million in the transport segment (-2.7% on 2019).

Railway passenger transport - train traffic safety

The Group devotes utmost attention to the train traffic safety of the various client railway companies that offer passenger and freight transport services on the network spanning over 16,700 km (with roughly 2,200 stations⁶²).

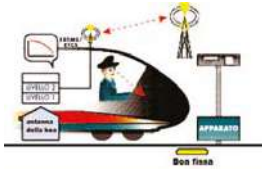
Most of the network is managed by complex remote command and control technologies (CCS, multi-station interlocking systems, CTC) governed by central coordination stations:

⁶² Systems with active/possible passenger services.

TECHNOLOGIES FOR NETWORK SAFETY*

Km of line

ERTMS/ETCS



The Group is one of the first in Europe to have adopted the level 2 European Rail Traffic Management System/European Train Control System (ERTMS/ETCS) on the new HS/HC network lines. The system, in compliance with European standards, ensures the seamless transfer of trains on all European lines that are equipped with the ERTMS/ETCS and capable of guaranteeing safe travel through the adoption of cutting-edge functions and technologies.

782

CCS, CTC and ACCM



CCS - Command and control systems, adopted on the main routes and at the main metropolitan rail transport, and developed for the high speed lines (CCS-HS), are innovative integrated remote management systems for train operation.

Centralised Traffic Control (CTC) allows for the remote management and regulation of lines and stations from central posts ("CP")

The computerised multistation central apparatus system (ACCM), which is the technological evolution of the central computerised devices, simultaneously controls several systems in the station and the related block sections.

13,321

DSS



The driving support system (DSS) controls the maximum speed permitted instant by instant, in relation to constraints put in place by signalling, infrastructural characteristics and the trains performance both in normal and deteriorated conditions. The system is applicable to non-electrified lines of the secondary network and the maximum speed of 150 km/h, on a single or double track.

3,325
of which 77
km equipped
with both DSS
and TSCS

TSCS



The train speed control systems (TSCS) is a safety system that helps the driver and provides the control of the maximum speed permitted instant by instant, in relation to constraints put in place by signalling, infrastructural characteristics and the trains performance both in normal and deteriorated conditions.

12,653
of which 77
km equipped
with both DSS
and TSCS

GSM-R



GSM-R (R stands for railway) is a proprietary system for both traditional voice and data communications and the exchange of information between the most advanced technological systems for signalling and traffic control. Over 1,250 km of tunnel lines are also part of the GSM-R network, using proprietary radio coverage or roaming.

11,633

* for more details reference should be made to <http://www.rfi.it/rfi/SECURITY-E-INNOVAZIONE/Tecnologie>

New Trenitalia app: greater security and comfort

In the second half of 2020, the Group launched a new app for self check-in and to enable passengers to safely confirm their presence on-board the train. Complete with new user-friendly graphics, this innovative function informs passengers about the occupancy of each train and seat availability. It also introduces a new payment method so tickets can be bought using telephone credit on the user's SIM card.

The new app will greatly improve the user experience, the information provided and purchases via smartphone and tablet. This innovative tool will help meet the needs of Trenitalia passengers.

The new digital counter system will provide passengers with real-time seat availability via the new app. An algorithm shows seat occupancy via a traffic light system and blocks purchases as soon as the train sells out. This is another new function introduced to protect people's health during the epidemiological emergency.

In addition to these traffic control technologies, technical and instrumental checks are continuously carried out on infrastructure with the use of mobile diagnostics vehicles. These checks are governed by procedures and protocols defining how the checks are performed, their frequency and who is responsible for them.

Diagnostics enable operators to automatically determine the conditions of various infrastructure components, verifying their wear and tear through an efficient IT system. Diagnostic systems may be fixed or mobile.

In particular, **fixed diagnostics** provide for the permanent application of measurement devices on specific parts of the infrastructure to continuously read the most important functioning parameters for systems comprising the railway station and line infrastructure. Continuously collecting measurements on the characteristics of the infrastructure and processing the data enable operators to base the maintenance strategy on predictive policies, identifying potential malfunctioning before they occur.

Mobile diagnostics entail equipping rolling stock with measurement systems that give important infrastructure readings. **Diagnostic trains** can accurately diagnose the infrastructure by monitoring the functioning parameters of the track, contact line, signalling systems and telecommunications to order maintenance when the parameters are not within the standard levels.

Railway lines are classified in accordance with European standards on the basis of the stresses to which they are subject. On top of standard safety goals, maintenance is optimised for each class depending on level of reliability using specific diagnostic trains.

The Group has 30 diagnostic trains (including three for the HS/HC network). These will increase to 40 by 2026. An operating schedule is prepared annually for the fleet in order to meet set diagnostic requirements.

The main parameters surveyed during the diagnostics are: civil works, superstructure (layout of the tracks, wear and tear and condition of the rails, etc.), electric traction (layout and wear and tear of the contact line, pantograph interaction - catenary, voltage and current of the catenary, etc.), telecommunication systems (coverage and quality of the GSM/GSM-R voice channel and the LTE data channel), signalling equipment (euroradio, eurobalise, BACC and CCS channels used in the European and domestic train speed control systems "ERTMS/ETCS" and "TSCS and CCS", respectively).

The diagnostics fleet is continuously subject to developments and implementations, including through specific investments. The fleet currently consists of: Diamante and Aiace; Archimede; Talete; Caronte 2; Galileo; and diagnostic cars.

EQUIPMENT, TE, IS, TLC

1st Class
(2 weeks)

Diamante, Aiace

Two diagnostics trains named **Diamante** and **Aiace**, which are made with the same rolling stock as Frecciarossa trains, that can reach speeds of 300 km/h and inspect high speed lines".

2nd class
(2 months)

Archimede

A diagnostics train named **Archimede**, consisting of rolling stock that can reach speeds of 200 km/h to inspect the main lines that are not used for high speed service.

3rd - 4th class
(4-6 months)Talete
+15 diagnostic
wagons

A wagon named **Talete**, which can reach up to 160 km/h and it is dedicated to inspect the electrified complementary lines. The 15 diagnostic wagons, to which are added 10 courtesy wagons, are used for inspections that supplement and substitute the national diagnostics service (nodes, interconnections, service area, non-electrified lines).



US

(6-12-24 months)

Galileo
+ SR240
+ SR242

A diagnostics rolling stock named **Galileo**, and two diagnostic wagons, named SR240 and SR242, for ultrasound inspections of of the rail infrastructure. The two wagons, managed by a qualified company (Sperry) worldwide leader in this field, are also equipped with an "Eddy currents" innovative system.



SCMT

(6-12-24 months)

Caronte

A diagnostics railcar, named **Caronte 2**, which inspects ground equipments, that are components of the signalling systems.



TE Electric traction
IS Safety systems

TLC Telecommunications
US Ultra-sounds

SCMT Train running control system

In order to create a single, effective tool to monitor the condition of the infrastructure, an information system was also implemented for centralised diagnostics which gathers and streamlines the information provided by the diagnostics systems spread out throughout the country along the entire railway infrastructure.

With this growing application of diagnostics technology, the ordinary maintenance methods used on the railway network have been modified in recent years. Instead of being almost exclusively cyclical in nature, maintenance is now based on the condition of the infrastructure where diagnostic information can be applied.

Furthermore, over the past few years, predictive criteria have been defined to determine the most appropriate maintenance work to be carried out in terms of optimising vehicles and resources, based on the historic performance of diagnostics data, maintenance activities and the trend in faults.

Based on the type of work to be carried out and its purpose, maintenance may be either:

- › **routine**, aimed at limiting the normal infrastructural deterioration, according to the estimated useful life of the assets, and at resolving any critical issues;
- › **non-routine**, aimed at updating/replacing subsystems or their parts, thus increasing the value of the asset while simultaneously improving reliability, productivity, efficiency and safety;
- › **exceptional**, i.e., unforeseen maintenance required following events outside the railway system (natural disasters, theft, acts of vandalism, protests, etc.).

The following strategies help achieve maintenance targets:

- › specific performance indicators, which serve as the benchmark parameters to ensure the reliability of the various types of systems;
- › an information system for constant, widespread monitoring of network assets;
- › sophisticated diagnostics measure the various degrees of wear and tear on the lines.

Maintenance is carried out following standardised processes in accordance with regulations and plans to standardise the conduct of maintenance operators throughout the country, through different maintenance policies:

- › corrective maintenance: performed after a weakness is detected and meant to restore functional conditions;
- › preventive maintenance (cyclical, predictive and based on conditions): carried out at scheduled intervals or according to established criteria and for the purpose of reducing the probability of faults or functional deterioration;
- › improvement/productive maintenance: improvements/small changes that do not increase the value of assets;
- › non-routine maintenance: specifically undertaken to improve reliability and/or strengthen infrastructure through projects that increase the value of assets.

Italy

Railway safety on the national railway infrastructure managed by the Group is monitored using indicators calculated based on the data stored in the databases (danger database to monitor accidents) in accordance with current international criteria (issued by the EUAR - European Union Agency for Railways). For some of these indicators, the EUAR has prepared and assigned

common safety targets ("CST"⁶³) at European level and national reference values ("NRV"⁶⁴), based on historical data.

The table below shows the Group's actual safety data for 2020 compared with certain common safety targets (unit of measure expressed in FWSI⁶⁵ on a graduated scale).⁶⁶

| COMMON SAFETY TARGETS | | | | | | |
|--|---|-----------------------------|----------------------------------|---------------------------------|--------------------------------------|---|
| Risk category | Unit of measure | Graduated scale | Targets | | Actual (2020 actual) | |
| | | | CST Common (x 10 ⁻⁹) | NRV Italy (x 10 ⁻⁹) | RFI cumulative (x 10 ⁻⁹) | |
| Passengers | Number of passenger FWSI per year calculated based on significant accidents/passenger train-km per year | Passenger train-km per year | 170.00 | 38.10 | 8.24 | ✓ |
| Employees or contract companies | Number of employee FWSI per year calculated based on significant accidents/number of train-km per year | Train-km per year | 77.90 | 18.90 | 14.74 | ✓ |
| Users of railroad crossings | Number of users of railroad crossings FWSI per year calculated based on significant accidents/number of train-km per year | Train-km per year | 710.00 | 42.90 | 13.40 | ✓ |
| Other people on the pavement | Annual number of FWSI to people classified as "Other" due to significant accidents/number of train-km per year | Train-km per year | 14.50 | 6.70 | 0.00 | ✓ |
| Other people not on the pavement | | | | | | |
| People crossing the tracks inappropriately | Number of FWSI to people per year calculated based on significant accidents/number of train-km per year | Train-km per year | 2,050.00 | 119.00 | 119.92 | ✓ |

Legenda: ✓ Target achieved ✓ Target partly met

⁶³ Common Safety Targets.

⁶⁴ National Reference Value: specific value assigned to the railway system of each member country based on the various CST.

⁶⁵ Fatalities and Weighted Serious Injuries ("FWSI").

⁶⁶ Data updated to 19 March 2021. In addition, at the date of preparation of this report, the 2020 data reported in the tables below and analysed are not consolidated and may be subject to adjustment following feedback from the railway police on suicides/attempted suicides and the conclusion of RFI's internal investigations (definitive quantification of damage/identification of liability).

An analysis of the table above shows that the only target that was not reached was that for people who cross the tracks inappropriately (violation of safety rules by people outside the railway system), with numbers increased on the previous year (103.17) but remains below the CST index. With regard to this index, at the date of preparation of this report, the data are not consolidated and may have to be adjusted following feedback from the railway police on suicides/attempted suicides. Moreover, the CST and NRV refer to the entire Italian railway system. Accordingly, they cover damage caused by events on both the national railway infrastructure operated by RFI and on other networks operated by other infrastructure operators in Italy.

Significant accidents⁶⁷ constitute a significant part of railway accidents given the seriousness of the consequences.

There were 80 significant accidents in 2020. The increase (+11 on 2019) is mainly due to more accidents to people involving rolling stock in motion (+6), level crossing accidents (+2), train derailings (+1) and other accidents (+5). Accidents related to train collisions (-2) and fires on-board rolling stock (-1) decreased.

An analysis of the causes of significant accidents shows an increase in both accidents caused by internal factors (22 in 2020 compared to 13 in 2019) and accidents caused by external factors (58 in 2020 compared to 56 in 2019).

The overall accidents for which RFI was liable decreased from 96 in 2019 to 85 accidents in 2020 (approximately 11% lower).

As shown in the table below, 44 deaths and 22 serious injuries (person hospitalised for over 24 hours) were caused by significant accidents.⁶⁸

Below is an update on the accidents that occurred in Seggiano di Pioltello in 2018 and Livraga in 2020.

In particular:

- › criminal proceedings no. 3651/2018 in the general register of crimes with the Public Prosecutor's Office at the Milan Court relate 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 - which caused the death of three passengers and injuries to others. After the Public Prosecutor indicted the CEO and eight officers of RFI S.p.A., as well as the company itself for administrative liability pursuant to Legislative decree no. 231/2001, the preliminary hearing is being held in which, upon the motion of certain aggrieved parties, RFI S.p.A. is being judged as liable for damages;
- › criminal proceedings no. 524/2020 in the general register of crimes with the Public Prosecutor's Office at the Lodi Court refer to the derailment of the HS train 9595 in Livraga on 6 February 2020 in which two train drivers lost their lives. RFI S.p.A. is being investigated for administrative liability pursuant to article 25-septies of Legislative decree no. 231/2001, along with the pro-tempore CEO and nine employees/managers, charged with manslaughter, negligence causing bodily injury and negligence causing a train crash. The CEO of Alstom and other parties outside the FS Italiane Group are also being investigated. The preliminary investigations are pending. On 15 October 2020, the parties were notified of the request to extend the term of the preliminary investigations for another six months. They will therefore presumably end by May 2021.

⁶⁷ According to the ERA classification criteria, a significant accident is any accident involving at least one rail vehicle in motion, resulting in at least one killed or seriously injured person, or in significant damage to stock, track, other installations or environment, or extensive disruptions to traffic. Accidents in workshops, warehouses and depots are excluded.

⁶⁸ Last updated on 7 January 2021. Data to be definitively consolidated upon completion of the preliminary activities that the competent authorities are currently carrying out to calculate deaths and injuries due to suicides/attempted suicides.

| HARM TO PEOPLE | | | | |
|--|-----------|-----------|------------------|-----------|
| Type | Deaths | | Serious injuries | |
| | 2020 | 2019 | 2020 | 2019 |
| RFI employees (including contract companies) | 2 | 0 | 4 | 3 |
| Railway company employees | 2 | 0 | 0 | 0 |
| Passengers | 2 | 1 | 0 | 0 |
| Users of railroad crossings | 4 | 4 | 0 | 1 |
| People crossing the tracks inappropriately | 34 | 37 | 18 | 13 |
| Other people on the pavement | 0 | 0 | 0 | 0 |
| Other people not on the pavement | 0 | 0 | 0 | 1 |
| Total | 44 | 42 | 22 | 18 |

The Group monitors safety performance, also in accordance with the UIC, which enables it to compare its performance with that of other European networks. The UIC has prepared a total accident safety index, whereby it weighs accidents (individually) considering certain parameters, such as:

- › the type of accidents (train on train, train on people, train on vehicles, etc.);
- › the extent of the injuries to people (number of deaths or injuries);
- › the category of people who suffered injuries (regardless of whether the person was in violation or not);
- › responsibility for the accident (internal or external).

Specifically, 16 typical incidents were recorded in 2020 (14 in 2019).

⁶⁹ Typical accidents according to the UIC are: collisions, derailing, fires involving rolling stock, accidents involving dangerous goods and accidents at level crossings (collisions with obstacles or vehicles). They exclude accidents in which people are hit (including at level crossings), injuries to people as they inappropriately board/deboard moving trains, suicides and attempted suicides.

The UIC's criteria for injuries/damage caused by the accidents are consistent with those for significant accidents:

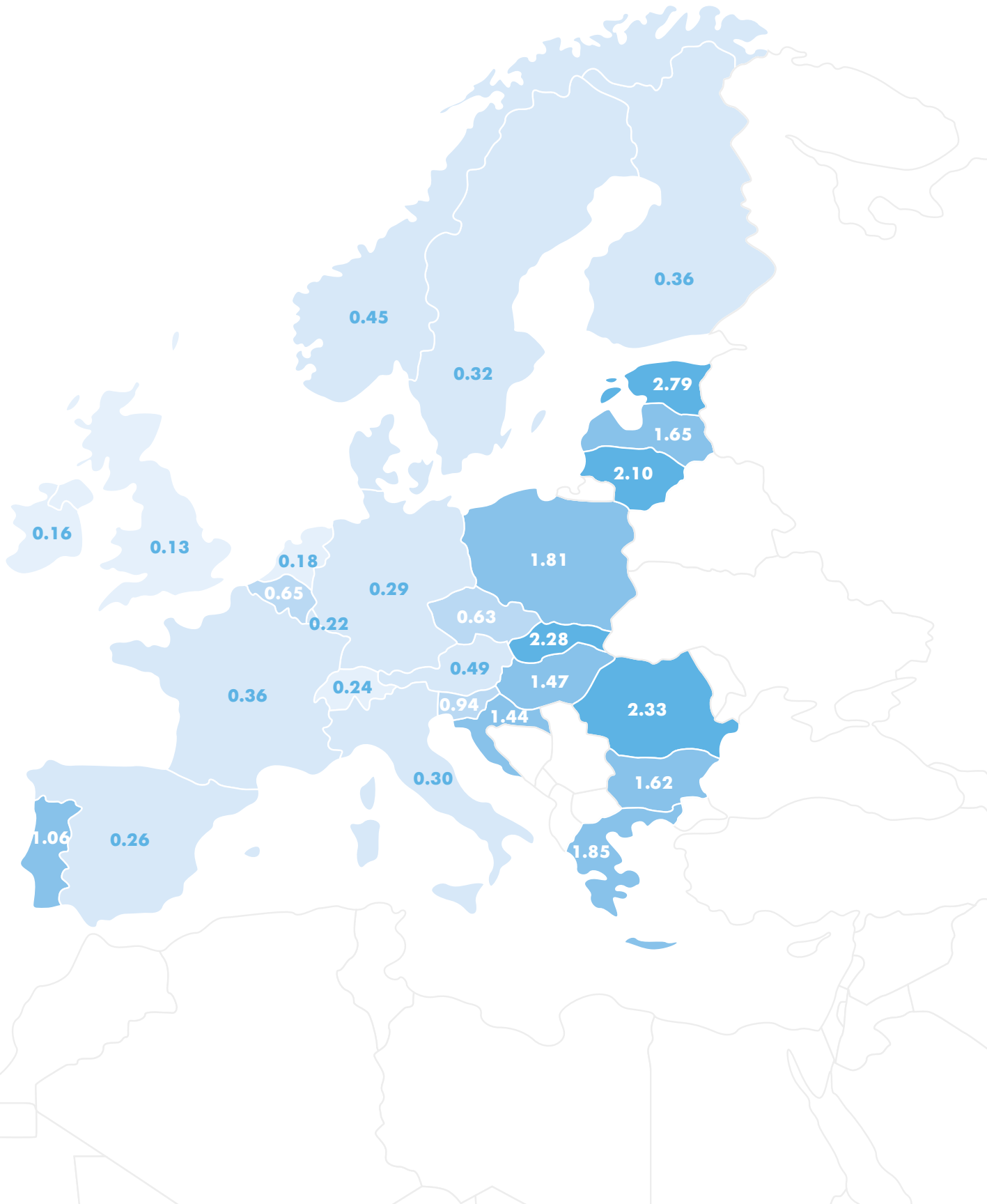
- › at least one death either immediately or within 30 days of the incident
- › at least one person seriously injured (hospitalised for over 24 hours)
- › damage to rolling stock/infrastructure/third parties greater than or equal to €150,000
- › disruption of traffic on a primary line for a period of time greater than or equal to six.

This classification is meant to measure the intrinsic safety of railway systems, assigning less weight to accidents caused by conduct in violation of railway regulations on the part of people unrelated to the railway system (violations of Presidential decree no. 753/80) in railway contexts.



SIGNIFICANT ACCIDENTS/MILLION TRAIN-KM [2008-2018]

- ≤ 0.20
- 0.201 - 0.50
- 0.501 - 1.00
- 1.01 - 2.00
- ≥ 2.01



The Group has dedicated structures to oversee operational safety, which cover all activities in accordance with the current European and national legislative context. The Operational Safety Management System is the heart of the Group's safety oversight. Various activities are carried out to keep operational risk under control. These activities range from risk analysis to identification and mitigation. Where necessary, specific indicators and/or projects are defined to reduce risks and are reported within the safety plan each year. The indicators and projects may relate to one or more of the three key parts of the systems: machines (technology), people (human factor and organisation) and procedures (how processes are performed).

The maintenance of railway vehicles is one of the key processes in ensuring that operational safety is maintained and improved and to meet established quality standards.

In particular, the Group ensures the planning, performance, control and improvement of maintenance processes on rolling stock through an organisation that provides for:

- › a unit that supervises and coordinates all stages of maintenance to ensure safe conditions for railway system vehicles;
- › a maintenance engineering unit that establishes the criteria and general provisions for the maintenance of vehicles, including the operating conditions for the functioning of vehicles and to learn from experience;
- › operating units that manage taking the vehicles out of service, sending them to repair workshops and subsequently returning them to operations;
- › maintenance systems at two organisational levels: the first level consists of the divisions' current maintenance systems, responsible for light and corrective maintenance work included in vehicle shifts, while the second level consists of cyclical maintenance workshops responsible for work with a significant impact on the asset value of the rolling stock, which is carried out beyond the scope of the vehicle shifts.

Source data: CSI (Common Safety Indicators) - ERA (European Union Agency for Railways). The purpose of this map is not to classify railway safety levels in European countries.

The map compares the average accident rate for the period (2008-2018) based on production (train-km) in Italy and other EU countries, Switzerland and Norway.

Italy has one of the lowest rates recorded. There was one significant accident in Italy in 2019 for every 5,150,000 km (approximately) travelled by train.

Road infrastructure safety

The Group strives to ensure road safety throughout its network, which requires a constant, scrupulous commitment to around 30,000 km of roads.

It pursues this goal by spreading a culture of safety and respect for the rules of the traffic code and through daily surveillance of the network, with operating personnel taking immediate action if needed and the national operating room and compartmental operating rooms performing ongoing operations.

The Group has a road management tool (RMT) to continuously monitor the network. The RMT consists of various modules that manage road safety information and devices: fixed and mobile cameras, scrolling information panels, system diagnostics in tunnels and events management.

The Group is also constantly committed to analysing the roadway and motorway network incident rate based on data acquired through reports from operating personnel and the police.

However, this commitment is not sufficient, since over 90% of accidents are due to the driver's conduct and, as data for recent years show, distraction is the greatest driver safety risk factor. To reduce the impact of this factor, the Group holds awareness campaigns to promote a culture of safety.

The Group also strives to ensure the routine and scheduled maintenance of the road network that it operates under concession, to protect assets and traffic safety, ensuring surveillance and immediate action in the event of emergencies on directly managed roads and motorways, by coordinating and directing the local offices, the situation room and the management of relationships with the traffic police and civil protection.

In 2020, roughly 900 scheduled maintenance projects worth €1.8 billion were approved, mainly financed by the 2016-2020 Government Programme Contract. This work was mainly to restore the road surface and foundations, as well as road signs, recondition and update small and large works of art, repair slopes and sides and revamp technological and lighting systems.

In addition, inspections continued on bridges and viaducts (on a quarterly basis), using a specific app installed on the inspectors' tablets containing all specialised data for each individual inspected work. In 2020, 58,974 quarterly inspections were carried out on bridges and viaducts and 11,645 on overpasses, in addition to 8,542 main inspections on bridges and viaducts.

Promoting road safety

Anas continued to implement the Smart Road project in 2020. This highly-innovative project is a global pioneer in road safety that prioritises drivers and their safety.

Via digital transformation processes, the project will reduce the accident rate, increase travel comfort, manage and improve traffic conditions and handle extraordinary critical events, make the transport network more resilient and ramp up digital interaction with areas through which the roads pass and interoperability with vehicles.

Moreover, Anas' Smart Road project will provide C-ITS (cooperative intelligent transport system) services promoted by the European Community based on V2I (vehicle-to-infrastructure) and V2V (vehicle-to-vehicle) communication and will be equipped to integrate the upcoming 5G technology.

Safety of road passenger transport

The FS Italiane Group is committed to guaranteeing the safety of personnel and passengers with:

- › video surveillance systems on board vehicles and protection for the driver's cabin;
- › automatic vehicle monitoring (AVM) systems for the fleet;
- › driver-assistance devices (ABS, ESP, ASR, etc.) with newly acquired last-generation active safety systems (e.g., active braking assistance, distance sensors, lane departure warnings) and passive safety systems (e.g., collision warnings).

Furthermore, the Group conducts maintenance on the fleet through KPIs to monitor vehicle performance and safety and the performance of in-house maintenance units. The new fleet monitoring systems installed in all last-generation vehicles can collect increasingly more data and information for predictive maintenance, immediately ensuring greater guarantees and safety.

Safety of freight transport

The procedures promulgated by the Operational Safety Management System, in accordance with European standards (EU Reg. no. 1158 and EU Reg. no. 445 for vehicle maintenance), are implemented to ensure the safety of freight transport.

Performance is also periodically monitored through audits and inspections by the national agencies for railway safety (i.e., ANSF in Italy and EPSF in France).

Locomotives are equipped with diagnostics systems to detect faults and sensors are mounted on last-generation wagons to check the compliance of vehicles that flag any malfunctioning in advance.

Furthermore, personnel are constantly trained to gain and maintain expertise and is periodically tested by qualified instructors.



SECURITY, INFORMATION SECURITY AND PRIVACY

Safety

The public health emergency meant measures had to be adopted to support passengers and employees working in the various company processes. Due to the health crisis provoked by the pandemic, various measures were introduced in 2020 to fight and contain the spread of the virus (reference should be made to the attached “#RestartingTogether” for details).

The security and protection of personnel, passengers/

users at stations, assets and know-how are essential for the Group.

The Group constantly invests to guarantee and monitor travel safety and the security of the infrastructure and stations. To monitor operational security indicators, the Group strengthened a partnership with the railway police (the branch officially responsible for preventing and repressing crimes in the scope of railway transport).

| Security indicators | 2020 | 2019 | 2018 | % change 2020/2019 | Trend 2020/2019 |
|--------------------------------|--------------|--------------|--------------|-----------------------|--------------------|
| Assaults on railway personnel | 263 | 395 | 387 | -33.4% | ▼ |
| Thefts at the station | 419 | 1,059 | 1,579 | -60.4% | ▼ |
| Thefts on board trains | 1,175 | 2,692 | 2,710 | -56.4% | ▼ |
| Copper thefts during operation | 138 | 254 | 355 | -45.7% | ▼ |
| Copper thefts at depots | 11 | 18 | 17 | -38.9% | ▼ |
| Total | 2,006 | 4,418 | 5,048 | -54.6% | ▼ |

With respect to passenger security in 2020, the Group recorded the following:

- › 1,175 thefts suffered by passengers on board trains (monthly average of 98 thefts), significantly down on 2019 (2,692 thefts);
- › 419 thefts suffered by passengers at stations, down 60.4% on the previous year (1,059 thefts).

The Group’s measures to prevent and stop the theft of company assets in collaboration with the police achieved the following results:

- › 45.7% decrease in thefts of copper along the line compared to the previous year;
- › 59.3% decrease in kg of copper stolen compared to the previous year (2020: 27,163 kg of precious material stolen; 2019: 66,868 kg stolen);
- › 41.9% decrease in total economic losses due to thefts compared to the previous year (2020: approximately €624,699; 2019: approximately €1 million).

The FS Italiane Group continues to pursue anti-mafia actions by adopting measures beyond those provided for by law and collaborating with the competent authorities in a structured manner in order to achieve effective results in repelling any attempts by organised crime to infiltrate intraGroup contracts and sub-contracts.

Specific anti-mafia guidelines were drafted for each Group company in 2020.

The Group is also investing in innovative projects. During the year, it launched the engineering project Box Drone for the storage, recharging and automated operation of remote-controlled drones in partnership with ENAC and ENAV; the design and prototyping of a very light railway drone so that sections of track can be monitored on-demand for security reasons; the completion of the “modern turnstile” project introducing mixed technologies to control access at railway stations; and the completion of the first stage of volumetric/inertial use of battery-charged IoT (internet of things) systems sending low frequency alarms along radio waves to protect assets along the railway line.

Cyber security

In recent months, legislators have made intense efforts to issue important decrees that identify providers of essential services for citizens and define the scope of the technological systems used, which must function in order to guarantee service continuity.

The recent EU directive on NIS (network and information security) concerning cyber security, transposed into Italian legislation with decree no. 65 of 18 June 2018, identifies the FS Italiane Group as an essential service operator and, as such, requires that it adopt technical and organisational measures to strengthen management of cyber risks and prevent cyber attacks

as part of a national and European model based on cooperation and the integration of information between member states.

Furthermore, the national cyber security scope was established with Legislative decree no. 105 of 21 September 2019. In addition to public entities, it includes private entities considered strategic operators whose protection is essential for the country to function. They are required to apply adequate technical and organisational security measures.

Considering the legislative obligations and rapid evolution of security threats, the Group has adopted an integrated physical/cyber security steering and governance model in which physical security and cyber security converge under one command and control point, ensuring the adoption of general principles and consistent operating logic, to identify as quickly and reliably as possible the sources of a threat regardless of where it arises and irrespective of whether it is a physical, cyber or hybrid attack, in order to intervene immediately.

In 2019, the Group created and launched the cyber security operation centre (C-SOC) to prevent, detect and fight cyber attacks, 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 recognise and fight 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 at the Group’s C-SOC.

In 2020, the team of security incident analysts detected, countered and neutralised over 5,000 cyber attacks.

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 provide personnel working remotely with a virtual desktop infrastructure (VDI) where they can view their entire workstation, including applications and files, and access it from any device, even their own personal devices, with the highest level of security.

The Group is also fully engaged in fighting fraud, and is a forerunner in its sector thanks to its fraud management system which uses specifically designed software for the railway sector.

Fraud prevention actions in 2021 will focus on services provided to Group companies and especially the new UK-based company Avanti West Coast, the Group's largest railway operator outside Italy.

New monitoring methods designed to intercept fraud as swiftly as possible will be implemented in order to guarantee the best service to these and other international companies.

The Group's Travel Security model was also rolled out in 2020. Its main objectives are providing safety risk analysis, training, information and assistance to employees on work trips or seconded abroad.

Data Protection and the Data Protection Officer

The General Data Protection Regulation ("GDPR") expands the protection of natural persons' rights and freedoms in relation to their personal data, as these rights and freedoms have been recognised as fundamental for EU citizens.

After the GDPR was introduced, the Ferrovie dello Stato Italiane Group designed and implemented an organisational framework to protect the data of its customers, employees, suppliers and other third parties.

The data protection framework is structured by general areas and specific organisational communications for the GDPR's requirements. It defines the key personal



data protection principles, the roles and related macro-responsibilities and information flows to/ from the board of directors, senior management, the

units involved in the creation of the data protection framework and those involved in the processing of personal data, as well as the data subjects.





TRENITALIA

Assistenza Clienti
Customer Care
REGIONALE

TRENITALIA

ETR 425

071-B



PRESA ARIA OFFICINA



Assistenza Clienti
Customer Care
REGIONALE

Assistenza Clienti
Customer Care
REGIONALE


E' vietato oltrepassare
la linea gialla
Do not go beyond
the yellow line

ABUP

PEOPLE AND THEIR VALUE

102-8 103-2 103-3 401-1 405-1

Invaluable assets, people are at the centre of the Group's strategy. It undertakes to ensure their well-being and growth through communications, training and development programmes at all organisational levels every day. The recruitment of new talent, performance assessment and development and career advancement are based on equal opportunities and merit.

The Group considers diversity as a source of value and inclusion as the founding principle of the organisation and is committed to guaranteeing equal and non-discriminatory treatment regardless of gender, age, culture, ability, sexual orientation, socio-economic status, political convictions and religious beliefs, guaranteeing an open and inclusive work environment. Therefore, the Group is committed to implementing a strategic organisational approach of diversity and inclusion as a business change process to help understand, respect and value the skills, aptitudes and expertise that every employee can offer the company, based on the conviction that recognising and promoting diversity is a source of organisational well-being and competitive edge.

Furthermore, the Group is committed to improving health and safety at work, through ongoing investments in technology, training, maintenance and the development of management and monitoring systems. This commitment in the Group's specific long-term objectives aimed at reducing both the number and frequency of injuries and eliminating fatalities.

In 2020, amid the serious situation engendered by the COVID-19 emergency, the Group increased its efforts to keep its commitment to employees and the community, accelerating its digital and process development to maintain continuity in recruitment, training and development. None of the Group's activities to care for and manage its employees stopped during the year. Indeed, it reached new levels of excellence in innovative talent acquisition, developing and training methods which helped maintain a firm bond between the Group and its employees promoting mutual support, team spirit and inclusion. Just as it guaranteed the safety of its passengers, the Group also adopted every possible measure to protect the health of its employees, expanding the possibility to work from home and adopting stricter prevention and protection measures.

The Group's entire workforce demonstrated their commitment by maintaining and raising the level of service quality and productivity. The widespread ability to react seen throughout the Group and all over the country is further confirmation of the excellence of the Group's people, an irreplaceable asset.

The FS Italiane Group employs 81,409 people at 31 December 2020, reflecting a decrease of 2,355 resources⁷⁰ compared to 2019.

⁷⁰ This balance includes 1,577 resources lost in sales (TPER -Trasposto Passeggeri Emilia Romagna - and SITAf).

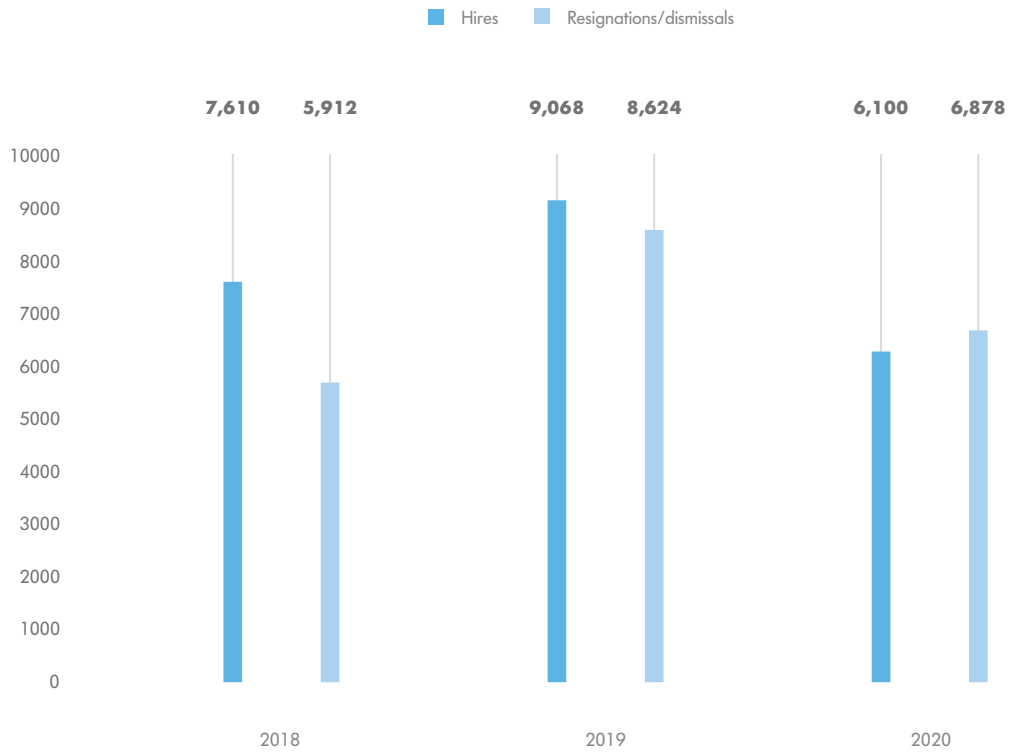
| FS Italiane Group workforce | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|
| Managers | 1,004 | 999 | 972 |
| % of women | 21.4 | 19.8 | 18.1 |
| Junior managers | 11,896 | 12,298 | 12,901 |
| % of women | 21.0 | 19.9 | 19.2 |
| White collars | 38,829 | 40,299 | 39,688 |
| % of women | 25.3 | 24.4 | 22.7 |
| Blue collars | 29,680 | 30,168 | 29,383 |
| % of women | 7.7 | 7.2 | 7.1 |
| Total number of employees at 31 December | 81,409 | 83,764 | 82,944 |
| % of women | 18.2 | 17.5 | 16.6 |
| % of men | 81.8 | 82.5 | 83.4 |
| Average number of the year | 81,838 | 83,181 | 81,662 |

Despite the public health emergency and consequent fall in the production activities of Group companies, the

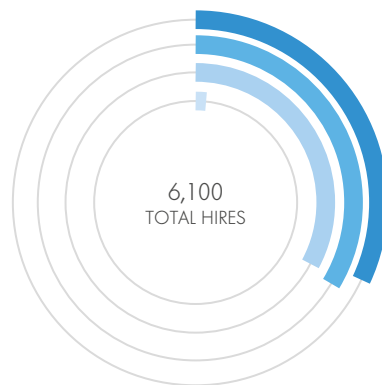
generational change continued with 6,100 new hires against 6,878 outgoing employees.



TREND IN NEW HIRES AND RESIGNATIONS/DISMISSAL



HIRES BY TYPE OF CONTRACT



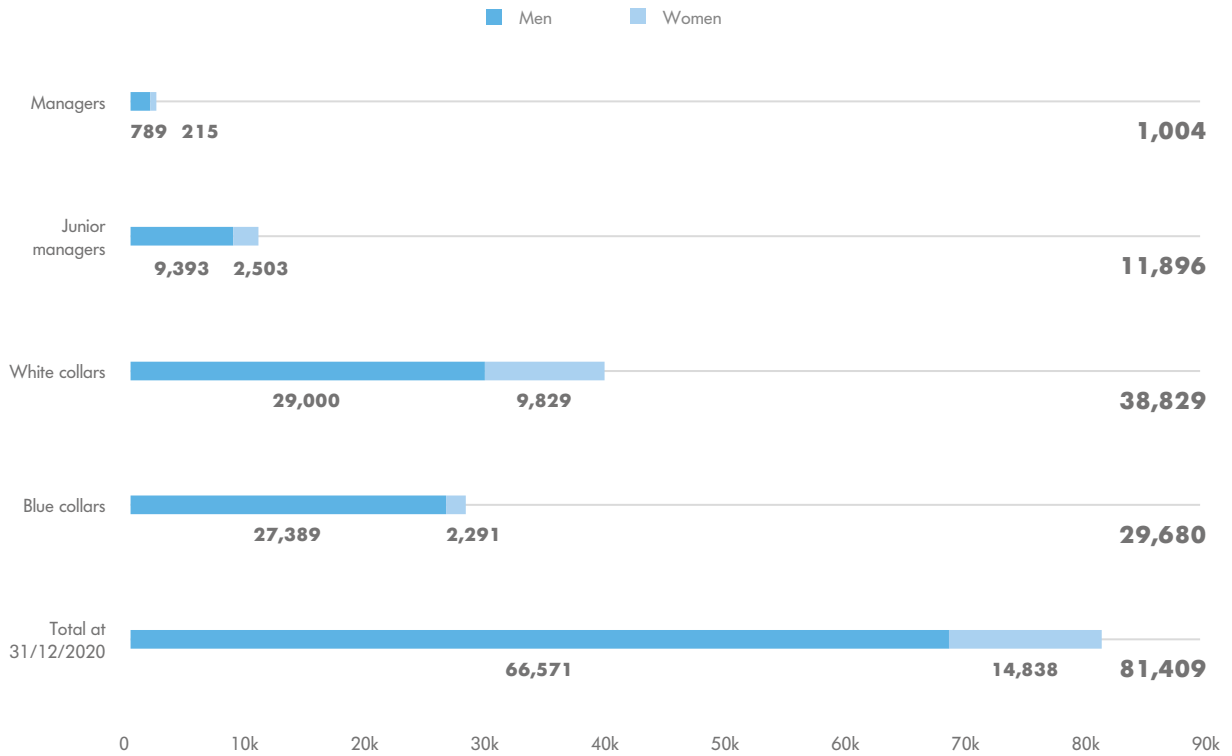
- **31.3%**
Apprenticeship
- **33.9%**
Open-ended
- **33.7%**
Fixed-term
- **1.1%**
Other contracts

The percentage of women in the workforce has increased constantly, reaching 18.2% of total employees in 2020 (+0.7 percentage points), in both management positions (+1.6 percentage points) and non-management positions

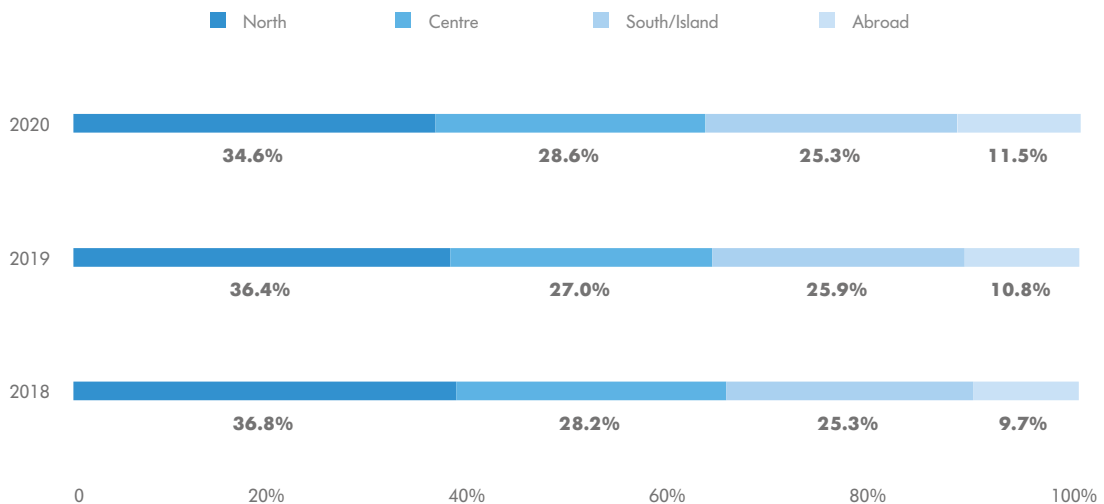
(+0.7 percentage points), reflecting the Group's actions to reduce the gender gap.

Over 11% of employees work in companies based abroad.

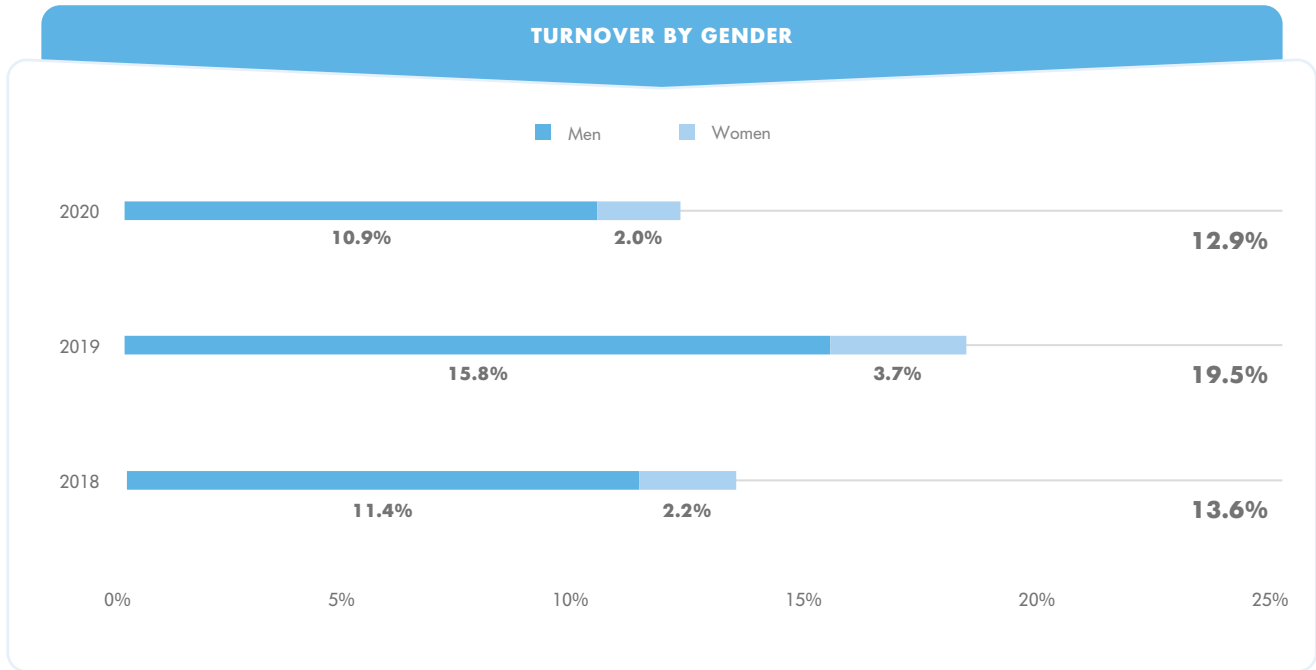
BREAKDOWN OF PERSONNEL BY GENDER



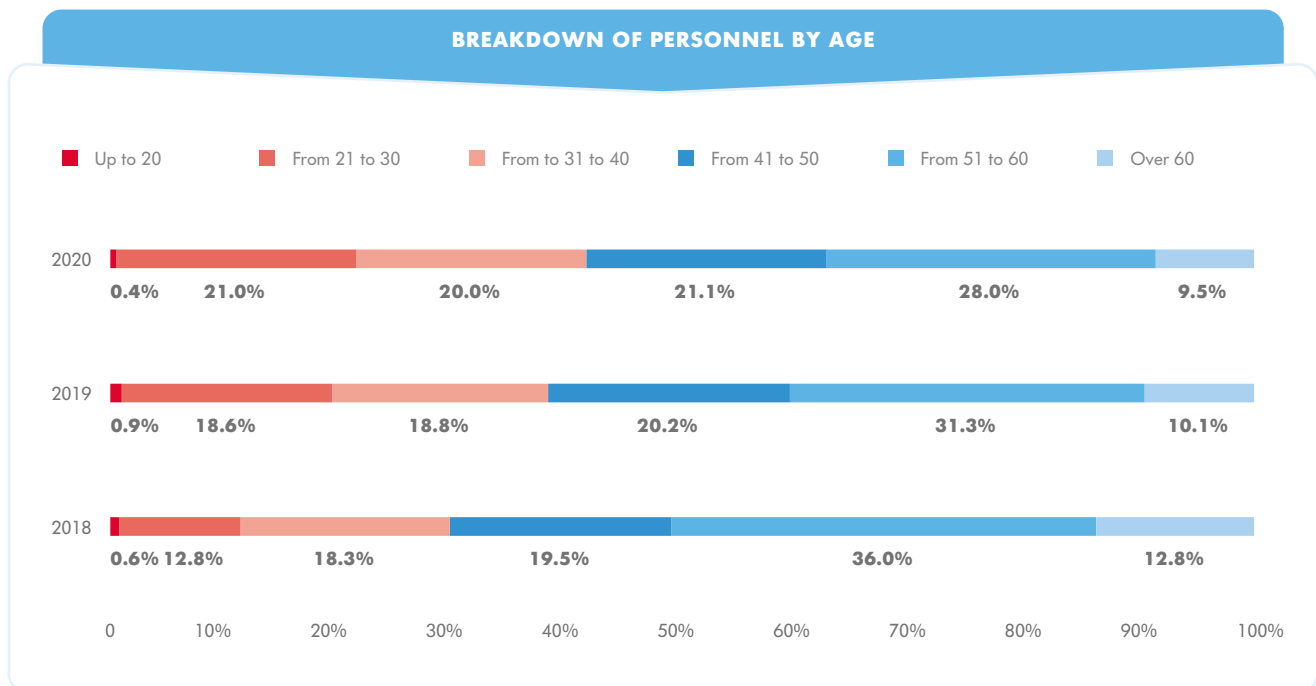
PERSONNEL BY GEOGRAPHICAL SEGMENT



The following graphs show a detailed breakdown of the year's figures⁷¹.



The turnover rate was 12.9%, compared to 19.5% in the previous year. The decrease was due to the lower number of incoming and outgoing employees in 2020 compared to 2019.



The average age of employees in 2020 was 44 years, 0.9 years younger than in 2019, in line with how the Group is investing in young people.

⁷¹ 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, FS Technology and Cremonesi Workshop. The total number of employees in this scope of analysis is 59,363, approximately 73% of the Group's total workforce.

RECRUITMENT AND HR MANAGEMENT

102-8 102-35 102-36 102-41 201-3 401-1 401-2 404-2 405-1 405-2

Recruitment

2020 saw the Group advance its commitment 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 remotely, resulting in 374 processes, with over 650 positions filled for corporate and intraGroup mobility. Specifically, 183 candidates (of which 10 for middle management) were identified for intraGroup mobility.

Recruiting on the market outside the Group was also more innovative and digital, with a total of 731 recruitment processes carried out at Group level on different targets.

The parent planned and ran seven recruiting days (one in person and six online) to recruit recent university graduates mainly as engineers, economists and legal experts. More than 400,000 CVs in the database were considered, including over 150,000 in response to job postings. After pre-screening over 12,000 candidates (via 14,000 online tests, including cognitive, English and soft skills test and video interviews), the best candidates - over 500 - took additional customised tests for digital events (contests and Group dynamics exercises) and technical/motivational interviews. In addition, 35 assessments were made (over 300 candidates involved), following more than 11,000 digital tests and video interviews. In all, over 300 recent graduates willing to join the Group were found, 91 of whom through a fruitful collaboration with the network of universities, and a further 30 candidates for the parent's professional targets.

In the external recruitment of operational personnel, each company followed its own specific procedures while upholding the Group's principles and guidelines.

Online recruitment was possible thanks to the progressive roll-out of the Smart Recruiting project, kicked off in the previous year, with the adoption of a new talent acquisition model, including through the development of the technological platform to support and introduce an AI system for the semantic reading of CVs. A new online application form went live in October. Available in seven languages, it allows social login and automatic sharing of job postings on the main social networks. With Smart Recruiting, online assessment tools can now be used to assess soft skills via adaptive, random and inclusive scientific tests that comply with EU regulations.

The Recruiting Academy was also set up. This training course for change management involved around 400 HR and line employees, increasing in-house know-how on recruitment processes and candidate experience, and improving sensitivity on cross-sectional issues like employer branding and diversity and inclusion.

As part of its collaborations with high schools, during the 2019/2020 school year the Group developed 118 activities to help build global skills and provide orientation. These included training projects, open days, site visits and apprenticeships, with 69 active agreements and over 2,000 participating students.

The digital professional opportunity channels were managed to consolidate talent attraction and recruitment on all targets: "FSitaliane.it/Work with us" with an average of 240,000 visitors/month uploading or updating their CVs, in seven languages, looking up current job opportunities; the company's Facebook pages "FS Careers" and LinkedIn with roughly 17,000 and 600,000 followers, respectively; with "FirSt", the Group's first chatbot for talent acquisition, thanks to machine learning, responses were sent to 3,571 requests for information, support or cooperation from external stakeholders and potential candidates.

The FS Italiane Group is the **number one employer of choice** among recent university graduates as surveyed by **Cesop Communication**.

For the second year in a row, the Group was ranked first in **Potential Park's online talent communication** ranking by students and recent university graduates of best experience in online job search.

In 2020 for the first time it was voted **most attractive employer in Italy for business young professionals** in the **passenger transportation category**.

FS Italiane S.p.A. also ranked **third in Italy in the STEM** (science, technology, engineering and mathematics) segment.

These results were made possible by ongoing investment in promoting and implementing employer branding and employee attraction initiatives, partly through relationships with universities, which in 2020 saw activities for university and post-graduate students go online.

Over 400 students were involved through 14 partnerships with universities for ad hoc training, including:

- › 10 Master's programmes (e.g., with IISF at La Sapienza University), advanced training schools (with Alma Mater Studiorum Bologna) and the FS Mobility Academy (with the University of Naples), ensuring support in developing and organising teaching material and in the recruitment process and specialist university courses;
- › four initiatives to drive internationalisation, comparison of best practices, the development and exporting of our know-how abroad, including: participation in the 2020 Bootcamp at Cambridge University for attracting talent and developing digital skills, including a hackathon, along with the biomedical campus in Rome to develop IoT and data science skills; rolling out the master's degree programme in Mobility Engineering (2019-20) and continuing the study programme in Mobility: Infrastructures & Services, in its second year at the Milan Polytechnic University, as a master's degree course in mechanical and electrical engineering; the master's degree in Transport Systems Engineering at La Sapienza University in Rome (in English, with mainly foreign students);
- › work experience and support in the preparation of university theses to foster an exchange of company and university know-how through conventions with target universities and the development of training

projects and/or innovative topics for university theses (86 smart training work experience projects throughout the Group, 43 merit-based scholarships, 19 university theses, 30 agreements/conventions with universities, over 234 lessons and testimonials by our managers, 10 experimental research laboratories and 11 in-person and online technical tours);

- › 52 company presentations, orientation and recruitments days, opening/closing ceremonies for academic programmes; advising in sector research, all carried out online;
- › 11 virtual career days and job meetings, providing the opportunity to listen, guide and recruit over 3,000 young people at the FS Italiane virtual stand via one-on-one chats, video interviews and company workshops.

Remuneration and pensions⁷²

The FS Italiane Group uses the following the types of contracts: open-ended contracts (part-time, full-time and apprenticeships) and fixed-term contracts (part-time and full-time). Approximately 97% of FS Italiane Group employees have open-ended contracts⁷³.

Employees are also covered by collective agreements; in nearly all cases the national labour agreement for the Mobility/Railway sector⁷⁴ is the agreement used for the Group's non-management personnel, supplemented by the Group's contract of 16 December 2016. The contractual minimum wage for employees' respective positions is applied in both fixed-term and open-ended contracts.

⁷² The scope of analysis includes the companies listed in the note at the start of this section, covering about 73% of all Group employees.

⁷³ Refers to the Group's consolidation scope. Approximately 10.3% are apprenticeships and roughly 1% of open-ended contracts are part-time.

⁷⁴ The other national labour agreements applied are: the Logistics, Freight Transport and Shipping agreement for Mercitalia Intermodal, the national labour agreement for the tertiary sector, applied by GS Rail and GS Immobiliare, and the railway, tram and shipping workers' (Mobility-LPT) contract for Busitalia Campania, Busitalia Rail, Busitalia Veneto and Ferrovie del Sud Est.

Employees with apprenticeship contracts are, for the first 24 months, assigned remuneration that is higher than that established for one level lower than their position. They are then, for the subsequent 12 months, assigned remuneration equal to the initial remuneration established for their final position.

All employees, including newly hired employees, receive the contractual minimums plus the fixed remuneration items provided for by the national labour agreement (including seniority rises) and additional amounts related to the various types of employment. In addition, they may also receive extraordinary raises and one-time bonuses.

As provided for by the national labour agreement, the Group offers its employees supplementary healthcare plans⁷⁵ consisting of a standard package (with costs borne by the worker's employer) and the option to extend the coverage to their families and purchase additional packages at particularly advantageous rates. In addition, in March 2020, the Group took out insurance for its employees to cover hospitalisation with Covid-19.

The 2018 agreement⁷⁶ implemented working from home as a structural solution to balancing workers' professional lives with their personal lives. The guidelines and procedures for managing work-from-home at the FS Italiane Group were updated in 2019. The experience gained by testing it in 2017 and 2018 showed how working from home is more than just an efficient way of creating a balance between workers' personal lives and jobs, as at the same time it encourages the organisation of work to maximise the achievement of objectives and improve efficiency through a combination of flexibility, autonomy and collaboration.

When the pandemic broke out, the Group extended the option of working from home to all employees under trade union agreements signed on 19 March and 27 April 2020. This allowed employees to continue to carry out their duties and was an effective measure for containing and preventing the spread of the virus.

The remuneration system for FS Italiane Group managers implements that set forth by the relevant national labour agreement for managers of goods and service production

companies with respect to the definition of the minimum guaranteed salary. Total remuneration - both fixed and variable - is defined considering the professional and managerial duties of each position and annual management and performance reviews. Each position is evaluated using a specific weighting method to obtain objective elements for planning and managing remuneration policies, organisational decisions and career paths.

The method adopted to evaluate positions and compare their remuneration with similar positions within the Group and on the market was developed by a leading international Group in the rewards sector which, in addition to having created the method, boasts one of the most extensive databases on remuneration in the world.

Remuneration policies for Group managers are based on market benchmarking to check that the remuneration offered is consistent with the market, to motivate managers, while also considering the complexity of the position held.

Remuneration policies are updated to support internal management and development policies and to reward personnel with a view to increasing their sense of belonging and motivation over time. Annual one-time bonuses are meant to reward and recognise the contribution of each manager based on their performance in terms of ongoing excellence.

Managers also receive short-term incentives as part of the MBO plan, in which the variable component of remuneration is linked to the achievement of specific performance targets⁷⁷ for the company and the Group. The variable component of remuneration, linked to the achievement of specific performance targets indicated in advance, provides an incentive to reach the Group's budgeted financial and quality results. Junior managers heading micro-organisational units that are key to the company's mission and to achieve the Group's main purposes also receive the same incentives as managers.

Each manager and junior manager involved are assigned chiefly financial and/or quality targets related to the company and their specific position.

⁷⁵ A new supplementary healthcare plan was activated on 1 July 2020. Employees had the option of purchasing additional packages in 2020, also by using the portion of their 2019 performance bonus allocated to welfare benefit programmes, if applicable.

⁷⁶ On 20 April 2018, the Group companies that apply the national labour agreement for the Mobility/Railway sector of 16 December 2016 signed the agreement with the trade unions. An additional agreement was signed in July 2020 to extend its application methods.

⁷⁷ The objectives must reflect the priorities of business strategies and should be identified transparently so they can be measured and certified objectively through the Group's accounting and reporting systems.

In 2020, the focus was on macro-economic, financial and environmental sustainability targets. These were assigned on a top-down basis as defined by senior management and set out:

› **common indicators**, aimed at ensuring that performance is focused on reaching higher targets,

especially regarding Group/company financial results (EBIT) or fighting climate change (carbon intensity);

› **position-based indicators**, related to assigned responsibilities and aimed at rewarding individual contributions towards achieving company targets.

In the 2020 MBO process



The goal of **“Reducing CO₂ production per traffic unit (carbon density) compared to the previous year”** was assigned to promote the Group’s commitment to combating climate change.



The focus on **occupational safety was confirmed** as a crucial value to be used as the basis for growing the culture and awareness of employees.

Total remuneration to managers is integrated with a series of benefits, mainly consisting of: insurance coverage for both occupational and other injuries and permanent disability due to illness and death, the supplementary health care plan (FASI), the supplementary pension fund (PREVINDAI) and additional supplementary healthcare insurance (ASSIDAI).

The compensation model for these employees is intended to offer remuneration that is consistent with the employee’s position in the organisation and the assigned duties and to reinforce a goal-oriented approach by rewarding continuous performance improvement.

These employees’ remuneration includes a fixed component based on the complexity of their positions and

an assessment of their potential, along with a variable component linked to the achievement of formally assigned objectives. Raises and bonuses are closely linked to duties and the continued achievement of the subjective and objectives targets associated with the position.

There are no differences in remuneration based on gender. Any average differences in remuneration between men and women, as reported in the table below, are due exclusively to the fact that they hold different positions in the companies, the ways in which they provide service and their responsibilities. For example, there are fewer women in transport operation jobs and, accordingly, average remuneration is affected by this factor (less compensation for shifts, working on holidays, working at night, etc.).

| Employee remuneration | | 2020 | 2019 | 2018 |
|-----------------------|---------------------------|-------|-------|-------|
| The gender pay gap | | | | |
| Managers | Gross annual remuneration | -10.1 | -8.0 | -4.3 |
| | Total annual remuneration | -11.3 | -11.6 | -2.7 |
| Junior managers | Gross annual remuneration | +1.5 | +2.0 | +1.9 |
| | Total annual remuneration | -2.8 | -2.5 | -3.0 |
| White collars | Gross annual remuneration | -3.3 | -3.6 | -2.9 |
| | Total annual remuneration | -14.5 | -15.7 | -15.8 |
| Blue collars | Gross annual remuneration | +1.6 | +1.5 | +1.7 |
| | Total annual remuneration | -3.2 | -4.2 | -4.4 |

The Group's gender pay gap, calculated as total gross remuneration, was approximately 6.8% in 2020. The gender pay gap in EU countries is 14.1% and Italy's is 4.7% throughout all economic sectors as a whole⁷⁸.

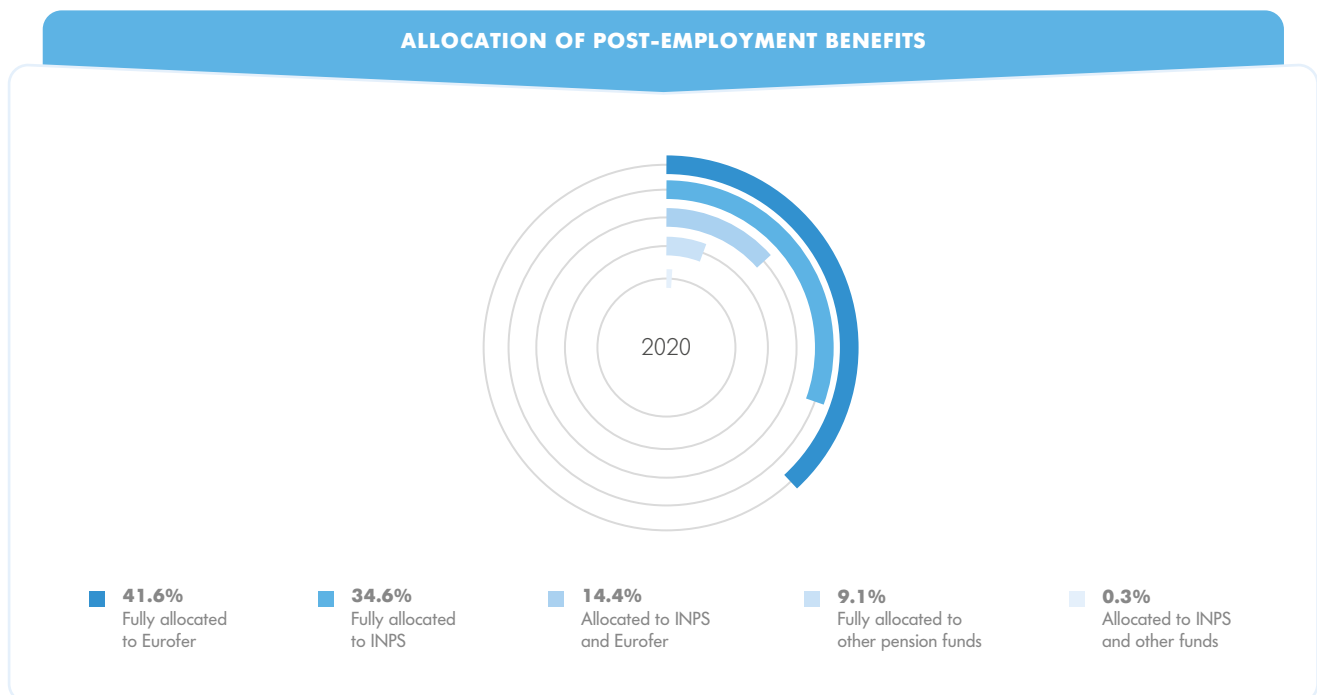
Employees' pensions are financed through specific mandatory contributions shared by employees and employers. Employees pay contributions equal to 9.19% of their remuneration base. This percentage is increased by 1% if the monthly base for the calculation of contributions exceeds €3,948⁷⁹. On the other hand, employers pay contributions equal to 23.81% of each employees' remuneration base for the calculation of contributions. Employers in the Group cover, for all employees, additional costs for maternity leave, illness, social employment insurance (NASpi⁸⁰) and ordinary contributions to the fund for income and employment assistance. Such fund implements actions for Group company employees to promote training programmes for professional retraining and/or re-qualification, set up active income and employment assistance policies, and provide extraordinary allowances to support income due to employees under voluntary redundancy. With regard to the supplementary pension fund, Group

employees participate in the negotiation fund provided for by the railway national labour agreement (Eurofer) or certain open-end fund in accordance with the scheme established by law.

The employer and the employee share contributions to the Eurofer fund equally. Contributions are set at 1% of the monthly salary⁸¹. Employees may increase their contributions on a voluntary basis, without any obligation for the employer to increase its share of the contributions. Furthermore, the Mobility Contract and the FS Italiane Group's contract of 16 December 2016 introduced additional increases in contributions to the Eurofer fund, including an annual contribution of €100 each for all employees and another €100 per employee for those who did not receive work/life balance benefits.

The employer is not required to match contributions to the open-end funds, to which the full amount of post-employment benefits required by Italian law is transferred.

The chart illustrates employees' selection of where to allocate their post-employment benefits.



⁷⁸ Source: Eurostat website https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender_pay_gap_statistics, updated in February 2021.

⁷⁹ Additional contribution under circular no. 9 of 29 January 2020.

⁸⁰ New social labour insurance.

⁸¹ According to article 22 of the FS Italiane Group's employment contract.

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Informational sign on a glass barrier, partially obscured and difficult to read.



Assistenza Clienti Customer Care REGIONALE

Assistenza Clienti Customer Care

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Assistenza Clienti Customer Care

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E PRESENTE
L'UNITÀ CINOFILIA
FERROVIE ITALIANE

SEGUENDO LE INDICAZIONI DELLA
CERCHI FTIRID- DISCETTIONI II

FIBRILLATORE
DEFIBRILLATORE

TRENITALIA

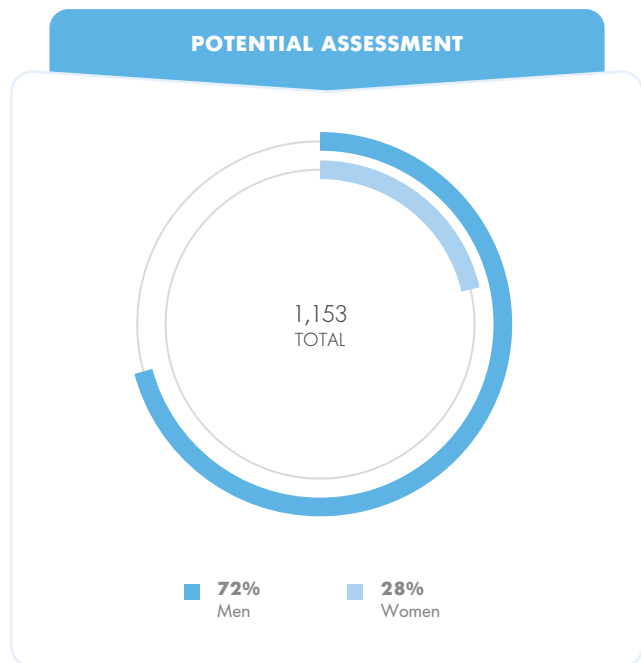
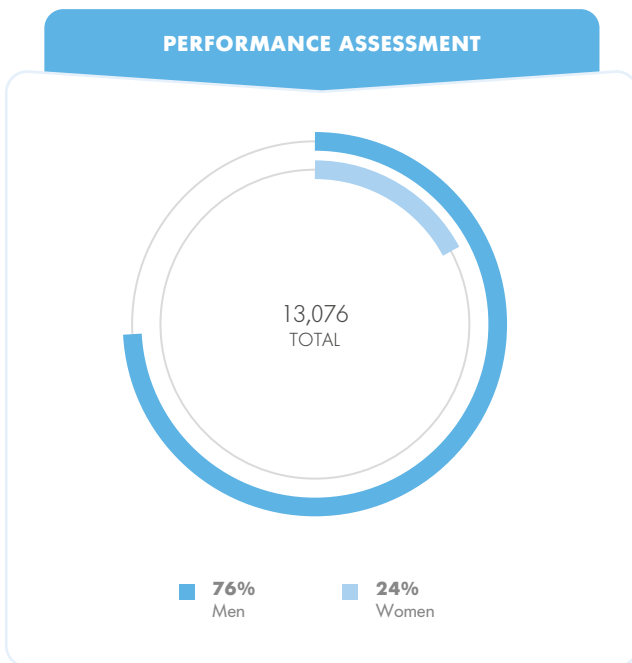
ENCOURAGING, TRAINING AND UPGRADING SKILLS

404-1 404-2 404-3

The Group **rewards and develops people** according to transparent, merit-based criteria in order to achieve the objectives in the business plan.

The purpose of the development model is to ensure that the professional and managerial structure is consistent with the needs established in the plan, business development requirements and those of the resulting organisational structure.

The purpose of the performance management process is to encourage better business performance, encouraging growth in the performance of people. In a performance assessment, the person has the opportunity to propose and receive clear, measurable objectives and share open, structured feedback with their supervisor, in order to highlight their strengths and take specific action on their improvement areas, consolidating on-the-job expertise.



Conducted by employees' supervisors on the integrated assessment system platform, the annual performance assessment involved 13,076 people⁸², roughly 22% of the average workforce for the year⁸³. Resources not included in the integrated assessment process have their performance informally monitored each year by their supervisors (e.g., feedback on strengths and weaknesses).

In 2020, **training** to ensure operational continuity, meet the needs of business process development, provide solid support to the Group strategies and be near our people became even more meaningful considering the events of the public health emergency and the resulting needs. The Group's investments in training were ramped up in response to the deep need to revise teaching material and how the training is provided.

⁸² Including 5% managers, 44% junior managers and 51% white collars.

⁸³ The percentage is calculated on the scope average (FS Italiane S.p.A., RFI, Trenitalia, Ferservizi, Italferr, Mercitalia Rail, Mercitalia Logistics, FS Sistemi Urbani and Busitalia Sita Nord).

The Group made the most of the disruption to speed up certain development processes for the methodology and training technology plan.

In accordance with the digitalisation drivers in the Group's business plan and to further build upon that done in 2019, investments in e-learning focused on three main objectives:

- › reach more trainees with the mass distribution of contents to broaden participation in training processes, continuous learning and share organisational knowledge;
- › make the most of the work-from-home scheme to facilitate cultural change dynamics in the approach to learning, offering self-learning opportunities open to the various roles and different levels of responsibility;
- › develop internal authoring skills⁸⁴ to showcase the Group's know-how and progressively digitise the training content of the many in-house training academies.

Overall, roughly 518 thousand⁸⁵ man/days of training were performed in 2020. This figure, which is similar to that recorded in 2018, should be interpreted in the light of the change described above. Therefore, even if it is about 28% lower than the absolute figure for 2019, it can be considered similar if combined with the significant content offered and provided using self-training methods not in use in 2020.

The purpose of training by the parent, which it provides across all Group companies, is to:

- › accelerate innovation processes enabling the development of a mindset that is supportive of internal entrepreneurship and the acquisition of innovative skills;
- › 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, in synergy with the operating companies;
- › ensure the integration of new employees in the productive system through induction programmes;

- › sustain a culture of diversity management by promoting actions to raise awareness and acquire skills to support the work/life balance and the ability to value and integrate differences;
- › encourage the spread of a business culture focused on internationalisation.

In line with the goals and continuing on from the previous year, the main programmes were:

- › the leadership programmes for the development of the Group's managerial team;
- › the induction programme for newly hired high school and university graduates;
- › training on the protection of personal data;
- › raising awareness and training on diversity and inclusion (D&I);
- › open training on the MOOC platform for over 2,000 Group employees;
- › training for women returning from maternity leave;
- › the distribution of the catalogue to support the development of the soft skills of all the Group's professionals;
- › for management, seminars and webinars for updates on scenario, market and leadership issues proposed as part of the The European House Ambrosetti programme.

Furthermore, major new projects were launched to directly support the Group's strategic plan, specifically regarding internationalisation, innovation, digitalisation and sustainability. In particular:

- › the Group's International Academy (programmes for both managers already operating in international projects and for young professionals);
- › the Innovation Skill Hub (learning programme to cultivate an innovative mindset among all Group employees) with the participation of leading Italian university partners.
The project received the SMAU innovation award;

⁸⁴ Ability to autonomously create e-learning programmes and multimedia content using dedicated tools.

⁸⁵ The data refer to the following companies: FS Italiane S.p.A., RFI, Trenitalia, Busitalia Sita Nord, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics and Mercitalia Rail.



- › massive training programmes to support the necessary skills for working in the digital workspace; a pilot digital skill assessment project was also carried out with subsequent training that will lay the foundation for the launch of extensive digital skill development initiatives in all Group companies;
- › meetings to raise awareness on sustainability issues for the boards of directors of the Group companies.

95% of training held in 2020 concerned technical and professional certification for operating personnel, operating safety and occupational safety.

Safe operations entail the need to maintain the same curriculum and certify the skills gained in accordance with national and sector regulations, e-learning courses were held live, organising extremely small classes and using additional learning tools to drive processes that focus on and check what has been learned on a progress basis.

Similarly, occupational safety training was held online as well, with the total duration of training courses unchanged.

With respect to training to improve technical/professional skills for non-core processes, like behavioural and managerial training, the methodology of the Group's training programme was revolutionised with a flipped classroom approach⁸⁶, based on digital technologies using webinars and e-learning or self-training.

This change, which had already been planned in 2019, was implemented more quickly in response to the Covid-19 emergency, making it possible to provide all branches with the activities laid out in the 2020 Group training plan, garnering high scores of perceived quality and learning. Given the nature of the method, the Group rebalanced the mix of learning tools which before Covid-19 were substantially related to in-person learning, developing a blended training ecosystem, with self-training tools, live workshops, social learning, study materials, short videos and MOOC (open mass online courses).

The professional refresher courses developed in-house on a cross section of issues managed by the parent were further expanded in 2020, with the creation of series of genuine permanent professional refresher courses for the professional staff areas.

Many digital learning courses were provided on organisational culture and compliance issues, including: cyber security, the personal data regulation (privacy), the ABC system, antitrust, labour law and other sustainability issues.

Specific attention continued on customer centricity through training plans managed by the individual companies, with the aim of motivating all Group people to remain steadfast in their efforts to keep customer centricity the main driver of our culture and business. Many training projects were aimed at supporting front-line personnel in customer relationships, with an approach geared towards safety, service and care, and even more so during the Covid-19 emergency, which called for the implementation of special safety procedures to protect passengers' health. Other actions were focused on ensuring customer care even when contact occurred digitally or remotely.

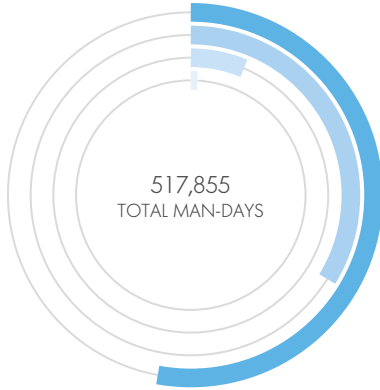
Furthermore, around 11,974 man-days of training were provided to non-Group personnel belonging to supplier companies in order to ensure compliance with consistent standards of expertise and safety.

The total cost of training days solely for employees amounted to over €5.7 million, down 35% on 2019 due to savings in travel and logistics costs as a result of courses mainly being held online. Funding for training generated revenue of roughly €4 million.

In 2020, the development of the Group's training model was also accelerated, in keeping with market trends and in the direction of the genuine in-house corporate academies that have been set up.

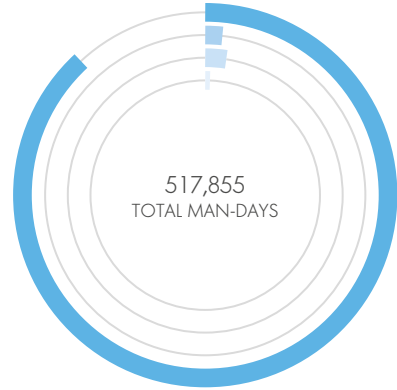
⁸⁶ A flipped classroom approach is a teaching strategy that overturns the traditional learning model (classroom lessons, individual study at home and classroom tests), where knowledge is acquired and skills practised by the learner using self-learning methods prior to webinars.

TRAINING MAN-DAYS BY PROFESSIONAL LEVEL



- **53.4%** White collars
- **39.6%** Blue collars
- **6.5%** Junior managers
- **0.4%** Managers

% TRAINING MAN-DAYS OF BY TRAINING AREA



- **94.7%** Technical/professional
- **2.0%** Institutional
- **2.3%** Managerial
- **1.0%** Cross-sectional



HEALTH AND SAFETY

403-3 403-9 403-10

On 31 January 2020, the Italian government declared a state of emergency throughout the country in relation to the health risk resulting from the Sars-CoV-2 epidemic. As a result, a series of public orders was issued, with constant updates, to manage the emergency and counter and contain the spread of the disease, affecting residents and companies.

On 23 February 2020, the Group set up an intraGroup task force responsible for continuously monitoring the development of the scenario, ensuring the coordination of all health and safety updates required by the government provisions and, if necessary, defining the necessary and timely internal measures.

The companies, with their measures, have implemented the applicable public authorities' measures, updating them constantly in relation to the provisions of the Prime Minister's decrees. In particular, following the order for companies to suspend non-essential activities, all personnel not essential for public transport services began working from home.

Their employers 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 24 April 2020, as provided for by the Prime Minister's decree of 26 April 2020. The companies set up their own protocols to prevent the spread of infection and measures to implement the public orders issued. These are attached to the risk assessment documents as they regulate safety measures to prevent the spread of infection in the workplace. The content of the protocols and the containment and counter measures defined therein were constantly updated as the public authorities' measures developed.

The second edition of the "Workshop on Health, Safety and Environment organisational models" was held online and organised by the Sant'Anna School of Higher Learning in Pisa and with the participation of the FS Italiane Group and the leading Italian industrial Groups (Eni, Enel, Terna, Autostrade per l'Italia, IPZS, SARAS, SAIPEM and A2A). It focused on the measurement methodologies for a culture of occupational health and safety based on questionnaires that measured the occupational health and safety culture

as it is perceived by personnel and with the processing of specific process KPIs. The workshop's findings were presented in the webinar held on 19 October with the participation of the heads of the companies' HR and Occupational health and safety units. In particular, a new methodology for the measurement of personnel's perceived culture of occupational health and safety was presented, based on what arose during the workshop, along with the results of its trials at the pilot sites of participating Group companies.

In October and November, the companies held the second edition of the Safety Day to confirm, in such a challenging year for the country and for businesses, their commitment to safety and employee engagement with respect to prevention (held online). These initiatives, which saw the presence of the CEOs of each company, were devoted to presenting the commitments to counter the epidemic in workplaces, ensuring the health of all employees. As part of these initiatives, the CEOs symbolically delivered an artistic prize to employees who distinguished themselves in their commitment to preventing the outbreak at the company and employees who volunteered for first aid activities and at hospitals.

The Group's rigorous commitment to prevention, focused on achieving the targets for injury reduction and improving safety processes, continued.

The overall results indicate a significant decrease in injuries and frequency in 2020, partly due to the reduction in operating activities by personnel during the lockdown. This being said, the data confirm the long-term trend of consistent decreases in the number of injuries and frequency.

In this context, the estimated data of indemnified injuries and reports pending examination by railway companies only (thus excluding Italcertifer, Busitalia and Sistemi Urbani) reflect the continued decrease in injuries, down by approximately 19.8% on the same period of 2019, compared to a target of 3%, and the decrease in the frequency index by roughly 16.4%, compared to the established target of 3%, with an estimated index 14.1.

The following table provides data on indemnified injuries currently being defined, as provided by the national labour insurance institution, INAIL.

| Injuries indemnified by INAIL ⁸⁷ | 2020 ⁸⁸ | 2019 | 2018 |
|---|--------------------|--------------|--------------|
| Injuries in the workplace | 696 | 1,089 | 1,213 |
| Injuries - women | 93 | 164 | 149 |
| Injuries - men | 603 | 925 | 1,064 |
| Fatal injuries | 5 | 1 | 4 |
| Fatal injuries - women | - | - | - |
| Fatal injuries - men | 5 | 1 | 4 |
| Serious injuries in the workplace⁸⁹ | 198 | 316 | 365 |
| Serious injuries - women | 22 | 50 | 42 |
| Serious injuries - men | 176 | 266 | 323 |
| Injuries in transit | 159 | 292 | 324 |
| Injuries in transit - women | 31 | 79 | 95 |
| Injuries in transit - men | 128 | 213 | 229 |
| Overall frequency rate⁹⁰ | 11.74 | 17.62 | 19.56 |
| Frequency - women | 8.79 | 15.80 | 15.44 |
| Frequency - men | 12.37 | 17.99 | 20.32 |
| Seriousness rate⁹¹ | 550 | 673 | 819 |

In 2020, Anas recorded 80 occupational injury reports, with a frequency rate of 12.30⁹².

In Italy, occupational diseases, which lead to immediate damage to employees' health, are reported by the employer to INAIL within the scope of injuries at work, as required by relevant legislation, and INAIL counts them among the category of injuries at work. In the Group's case, specifically, there are reports of injuries at work relating to the post-traumatic stress of train drivers (in cases of hitting people along the train tracks, generally suicides).

In addition, there are professional diseases originating in the long term due to pathogenic factors found in the workplace. In the Group's case, professional diseases,

which usually account for no more than 50% of reports, relate to organisational events dating back many years, in some cases decades. They arise slowly, gradually and progressively and mainly relate to obsolete organisations and work processes, which the companies have remedied by changing the environments and production processes.

The most common professional diseases in the railway sector are bone and joint or skeletal muscle problems as well as hearing impairment caused by noise. The following table sets out the data of the periodical medical check-ups, related to various risk factors, which are one of the most significant elements of Group companies' efforts to prevent occupational diseases.

| Personnel who received check-ups | 2020 | 2019 | 2018 |
|---|--------|--------|--------|
| Personnel who received health monitoring check-ups | 38,472 | 44,454 | 45,561 |
| Personnel who received railway safety medical check-ups | 10,832 | 15,267 | 24,043 |

Roughly 10% of man-days in the technical/professional learning area were devoted to occupational health and

safety and environment training, for a total of over 47,000 man-days.

⁸⁷ INAIL data for 2020 are partially consolidated.

⁸⁸ 2020 data refer to the following companies: FS Italiane, RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Italcertifer, Mercitalia Logistics, Mercitalia Rail and Busitalia Sita Nord.

⁸⁹ Serious injuries are those that result in more than 40 days of missed work.

⁹⁰ Frequency rate: [no. of injuries at work/amount]x 1,000 employees, calculated in accordance with European ESAW standards.

⁹¹ Seriousness rate: [number of missed days]/amount]x 1,000 employees.

⁹² The data are processed using the same criteria as for the other companies.

WELFARE AND DIVERSITY AND INCLUSION

405-1

"We all have a mix of diversities that makes us unique. The final purpose of Diversity & Inclusion Management is to fully enhance and use each employee's contribution to achieve corporate goals and best equip the Organization to face the challenges and uncertainties coming from the global market." (Code of Ethics, Ferrovie dello Stato Italiane Group).

The Group believes that diversity is a value to be recognised, understood and reinforced. It undertakes to create an open and inclusive work environment with the conviction that the diversity of its people is a source of organisational well-being and competitive edge for the business.

In its Code of Ethics, the Group endorses, inter alia, "the creation of a respectful and collaborative work environment, repressing any form of harassment; policies for personnel's mental and physical well-being, striving to balance the needs of the business with their personal and family needs; refusal to exploit labour and, especially child labour, zero tolerance for any type of illegal labour and a commitment to ensure fair, merit-based, skills-based regulatory and remunerative treatment without any discrimination".

The activities and projects for the Group employees are supported by both the National and Local Equal Opportunities Committees⁹³ and directly by specific internal structures.

Group initiatives

(carried out digitally throughout the Covid-19 public health emergency)

Diversity and inclusion

› **Unconscious bias awareness training** to promote a radical change by raising individual and organisational awareness of bias and preconceptions that unconsciously influence

everyone's decisions, behaviour and leadership style—s. Three workshops were held for HR resources to reflect on how bias and preconceptions can influence HR organisational processes, learning to manage and overcome them (35 people);

› **Disability project** to see the inclusion of people with disabilities as an opportunity for the growth of the business, as it gains specific skills and professional expertise with a consequent improvement in the atmosphere of the organisation. Five workshops were held for a team of intraGroup recruiters and HR managers to overcome bias and stereotypes specific to disabilities and to teach inclusive and bias-free recruitment methods (71 people);

› **4weeks4inclusion:** the Group participated in the diversity and inclusion awareness event promoted by a network of 27 Italian and multinational companies, open to all of their employees. Specifically, to mark the international day of people with disabilities, FS Italiane S.p.A. organised a live webinar that people could join without signing up in advance. 125 people participated;

› **InclusivaMENTE:** multi-tool campaign (seven learning pills, four teasers/videos, three types of webinar, four posters, two social media activations) to raise awareness about unconscious bias and diversity and inclusion issues among employees (sexual harassment in the workplace, diversity and inclusion, age and disability) involving around 20,000 people, including 1,515 managers from the entire Group;

› **Parenting:** the LIFEBASEVALUE Master parenting project was renewed, consisting of various teaching methods for employees with children aged 0-3 to improve their soft skills with the ultimate aim of motivating people and boosting the productivity of the business. 384 people participated, 60% of whom were men and 13% managers;

⁹³ A bilateral body with equal standing set up pursuant to article 1.3.C) of the national labour agreement for the Mobility/Railway sector and article 3 of the Ferrovie dello Stato Italiane Group's contract of 16 December 2016. There is one national committee and 15 local committees.

- › **Women in Motion (WIM)**⁹⁴: the school orientation campaign continued in the year for female students in Italy, with eight orientations held in 2020, bringing the total number of orientations at middle and secondary schools across the whole of Italy since 2017 to 100, with a total of 15,400 students involved. To maintain direct contact with

Italian schools during the pandemic, WIM changed its formula, holding six of the eight orientations via webinar. Two events were held as part of the STEM IN THE CITY social innovation initiative supported by the United Nations. In addition, 19 additional employees from technical fields joined the field, bringing total WIM role models to 100.

The FS Italiane Group's commitment to gender quality led to the CEO **Gianfranco Battisti being named European Ambassador for Diversity in the transport sector**. As confirmation of its commitment to inclusion and diversity and the respect for human rights and equal opportunities, in March 2020, the Group signed the **Women's Empowerment Principles (WEPs), established by UN Women, the UN entity dedicated to gender equality**. These principles aim to enhance and promote equal opportunities for women in the workplace, the market and the community through which the Group operates.

- › **Associazione Valore D**⁹⁵: Group personnel participated in training sessions on D&I issues (34 employees involved), sharing labs (three employees), four high-level training and development programmes (four employees), two mentorships (four employees) and one executive programmes with candidates subject to independent assessment (one employee);
- › **Cross-company mentoring** to support female middle managers through empowerment and appointment to the most challenging positions in the organisation, helping them to take direct responsibility for positively managing their career with direct advice from a mentor. Forty employees took part in 2020 (20 female middle managers and 20 senior mentors).

The FS Italiane Group is among the top 200 best employers for women in Italy

The **Italy's Best Employers for Women 2021** analysis was performed by the Hubert Burda Media institute with the aid of AI tools based on social listening.

FS Italiane got the maximum score of **100 out of 100** (one of only 51 companies to do so).

⁹⁴ The project was kicked off in collaboration with "Valore D", an association of large companies focused on diversity and female leadership whose mission is to promote women's careers in technical fields and business sectors that until now have been predominantly male.

⁹⁵ The Group is a sponsoring member of Valore D, an association in line with its strategies to promote diversity and, specifically, to support female leadership.

Events and Campaigns

- › **Joining forces to stop violence against women:** an awareness campaign about gender-based violence. All employees got involved by wearing a pink accessory (as the symbolic colour of the campaign) on 25 November and sharing photos of it on Yammer. The Group's main offices were illuminated in red (220 Groups photos were collected).
- › **Clean up the world:** as part of Legambiente's "Clean up the world" initiative, the FS Italiane Group organised a morning for Group employees and their families to redevelop some areas. Children aged 4-11 took part in a creative recycling lab (250 participants, 6 locations, 954kg of waste collected);
- › **Frecciarosa:** a webinar was organised to raise awareness about preventing breast and gynaecological cancer among female employees over 40 years old (100 participants);
- › **Sustainability e-capsules:** the Group launched a campaign comprised of four videos running for approximately 1 minute each addressing the following issues: what it means to be a sustainable business and what sustainability means for the Group; the international scenario and the Group's long-term goals; the Group's environmental and social commitment.

Welfare

- › **Welfare website:** the new FS Welfare platform went online in October. Replacing the previous portal, it is a single, integrated method for finding all the welfare offered by the Group and using from a large selection of assets and services, confirming the implementation of the relevant contractual provisions. Specifically, on the FS Welfare platform, employees can: find out about the Group's welfare plan, use welfare credits by either requesting reimbursement of expenses regarding work/life balance benefits or by availing of new welfare assets and services, and find information on the special agreements and discounts available for employees for numerous cultural initiatives;
- › **Unilateral donations:** given the unprecedented situation created by the epidemiological emergency in 2020, for employees with contracts under the national labour agreement for the Mobility/Railway sector and the FS Italiane Group employment contract, the Group offered a payment of €300 to reimburse expenses incurred for children under the age of 14 for babysitting services, creches, study holidays, day camps and play centres. Approximately 1,000 payments were assigned based on a ranking using the indicator of equivalent economic situation;
- › **Assistance for disabled children:** the Group's main companies once again offered monetary assistance (€800) to employees with disabled children in 2020. The payments are currently being assigned;
- › **Customer care for employees:** a service was rolled out in June 2018 to support employees with welfare initiatives, including supplementary healthcare;
- › **Conversion of 2019 performance bonuses into welfare benefits:** employees were given the option to convert all or part of their individual performance bonuses into welfare benefits offered by the Group: the supplementary pension fund Eurofer, supplementary healthcare plans and other welfare measures available on via the new FS Welfare platform. The Group company tops up all converted amounts by 10%.

Equal Opportunities Committee initiatives

› Health prevention:

- › a pilot training/motivational seminar is being developed for all members of the equal opportunities committee to promote physical exercise as a factor of well-being, all in relation to work.

› Working conditions:

- › introduction and discussion session with the confidential female counsellor appointed by the Group as part of its code of conduct for cases of sexual harassment in the workplace, in order to explore the general situation and how to manage it;
- › as part of the training as per the code of conduct for cases of sexual harassment in the workplace, the company e-learning training project designed and created by Diversity & Inclusion raises awareness on the issue of sexual harassment in the workplace and how to prevent it.

› Training:

- › Two training sessions were organised for all members of the national and local equal opportunities committees, one with Lazio Region's Councilwomen for fair and equal treatment, Ms. Cardinali and Ms. Pesoli, and another with professor of moral philosophy Michela Marzano. The objective of the sessions was to discuss gender issues in the labour market, the family and society which the current health crisis may escalate. There was also a detailed discussion on the history and culture stereotyping women.

› Communication and awareness:

- › there were ongoing conversations between the members of the Equal Opportunities Committees on experiences and work and family life during the COVID-19 emergency, gathering feedback from colleagues, especially on work/life balance and imbalances in the distribution of care duties, laying the groundwork for a survey scheduled for 2021;

- › a new page and logo were created for the Equal Opportunities Committee on the Group portal to update and refresh the message on gender equality;

- › messages continue to be published to advertise and raise employees' awareness about gender equality efforts, especially regarding sexual harassment in the workplace, the role of the confidential female counsellor appointed in spring 2020 as part of the code of conduct for cases of sexual harassment in the workplace issued on 24 May 2016 and on violence against women to mark the International Day for the Elimination of Violence against Women on 25 November;

- › a project called "In viaggio con la fantasia" was launched on the Group portal to gather children's drawings during lockdown.

› Analyses and studies:

- › analysis began on the 2018-2019 two-year report on the current ratio of male and female employees drafted by the FS Italiane Group as per article 46 of Legislative decree no. 198/2006 "Code on equal opportunities between men and women as per article 6 of Law no. 246 of 28 November 2005";

- › documents/information were analysed on the testing of large-scale working from home in Italy.

RELATIONSHIPS WITH TRADE UNIONS

401-3 402-1

Relationships with trade unions are based on utmost respect for the commitments required by the relevant Italian legislation and applicable contracts.

The trade unions receive the required disclosures and carry out bargaining activities in accordance with the national labour agreement⁹⁶. Changes to the overall corporate organisational structures and those of the individual production units are disclosed to the trade unions.

The national labour agreement requires that before changes can be made to the organisation of labour and the structure of time shifts, they must be specifically negotiated, with the negotiation procedure ending within no more than 20 days after it begins. Negotiations with the trade unions take place centrally through the respective national divisions and locally through the regional divisions, in conjunction with the unit trade union representatives.

The Group has formal agreements in place with the trade unions protecting workers' health and safety, to promote projects that foster a culture of safety and prevention among workers by constantly updating employee training and with the introduction of new equipment and new technologies.

Additional information on relationships with trade unions is given in the Group's 2020 annual report (Directors' report, paragraph on Commitment to sustainable development - Human capital).

The percentage of Group employees who are members of trade unions was 61.8% in 2020, with no significant change on the previous two years (60.7% in 2019 and 61.8% in 2018).

The absenteeism rate is 9.5%⁹⁷, compared to 8.3% in the previous year. This increase is essentially due to the impact of Covid-19 on Group employees' work and attendance.

Parental leave

FS Italiane Group applies the relevant legal and contractual regulations which include increasing the term of parental leave up to 12 years of the child's life: in addition to the mandatory maternity/paternity leave established by law, employees (father and/or mother) may opt to take a period of voluntary leave for up to a maximum of six months for each parent, but the parental leave may not exceed a total of 11 months for both parents.

The Group's supplementary contract establishes better economic conditions during the voluntary leave for any employee who takes it (for the first six years of the child's life).

The number of employees who took at least one day of parental leave in 2020 is detailed below:

| Parental leave | number | days |
|----------------|--------------|---------------|
| women | 883 | 15,774 |
| men | 3,898 | 43,193 |
| total | 4,781 | 58,967 |

⁹⁶ There are no risks to the freedom of association and bargaining within the Ferrovie dello Stato Italiane Group.

⁹⁷ The absenteeism rate does not take into account absences as a result of social safety nets (a further 2.4%). The scope of analysis is FS Italiane, Trenitalia, RFI, Ferservizi, FS Sistemi Urbani, Italferr, Italcertifer, FS Technology, NUGO, Cremonesi Workshop, Mercitalia Logistics, Mercitalia Rail, Mercitalia Intermodal, Terminali Italia, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, GS Rail and GS Immobiliare.

Measures to protect maternal healthcare include leave for prenatal check-ups and care, as well the baby's medical care⁹⁸, with the Group's supplementary contract offering better remuneration than that guaranteed by the national labour agreement for leave for the baby's medical care.

The FS Italiane Group granted additional leave introduced under the regulations in the "Measures to strengthen the national healthcare system and provide economic relief to households, workers and businesses in connection with the Covid-19 epidemiological emergency" along with specific additional amounts, where specifically provided for.

⁹⁸ 30 days of paid leave per year, up to the child's third year.



RELATIONSHIPS WITH COMMUNITIES

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Involvement in solidarity initiatives is fundamental for FS Italiane Group, which is tangibly committed to carrying out projects and initiatives to help disadvantaged people.

In collaboration with associations and local bodies, Ferrovie dello Stato Italiane has implemented its own policy to support and plan social initiatives in railway areas, creating a new welfare programme at stations. This programme consists of collaborative welfare through a partnership between entities with the power to effect social change (local bodies and charitable organisations, along with networks and local businesses promoting community-based social responsibility).

PROMOTING SOCIAL COHESION

Help Centres

The help centres are meant to welcome and shelter those who are most in need and help begin their rehabilitation with the city's social services and 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 countless difficulties faced due to the need to sanitise premises and the lack of volunteers. There were particular restrictions at some of the centres managed directly by public administrations that were forced to closed for certain periods, or for the

entire second half of the year in the case of the Trieste help centre. 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 help centres managed half a million cases during the public health emergency and offered a helping hand to over 15 thousand people who asked for help at stations (slightly down on 2019 numbers due to the reasons mentioned above). The 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 and support kits for the needy were located 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 this project, 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 support and reception facilities for vulnerable or marginalized people. 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 4,200 m²⁹⁹, for a commercial value of €6,300,000 (estimating an average of €1,500 per m²). Since October 2020, activities to support social vulnerability have been expanded by increasing surveillance and healthcare prevention at the Roma Termini help centre and "Binario95" where, from June

⁹⁹ 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.

to December 2020, thanks to a partnership with Istituto San Gallicano, over 1,700 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 shelter in the city structures.

In the first few months of 2020, after a substantial renovation, the premises of the new help centre in Cagliari were set up mainly for vulnerable women and victims of violence. The centre continued operating throughout the year despite the Covid-19 restrictions.

Following an agreement between the Tuscany regional authorities and the FS Italiane Group, a new centre was opened in February 2020 for mothers and children at the Livorno station¹⁰⁰.

In 2020, the co-design work for the creation of a poly-functional centre in Rovereto was nearly completed. Aiming to set up a community hub of the city's social resources, the project is being defined in connection with the redevelopment of spaces and the extent of the co-management of future activities.

EXISTING HELP CENTRES¹⁰¹



| | |
|----------|-----------------|
| Rome | Melfi |
| Naples | Bologna |
| Chivasso | Pisa |
| Catania | Bari |
| Milan | Reggio Calabria |
| Turin | Pescara |
| Genoa | Cagliari |
| Florence | Foggia |
| Messina | Brescia |

¹⁰⁰ Under this same agreement, two new help centres will be opened at the Grosseto and Viareggio stations in 2021.

¹⁰¹ Activities at the help centre in Trieste were suspended in May 2020.

In order for the help centres to work in synergy, the Group relies on the close collaboration of the National Observatory for the Disadvantaged and Solidarity at Stations (ONDS), which is managed by the social cooperative Europe Consulting Onlus. The ONDS

coordinates all the centres, trains help centre workers and gathers and analyses data on social projects carried out by the national network. In 2020, the FS Italiane Group allocated €125,000 for activities and projects to help people facing social difficulties.

| Activities | Detail of activities | Amount |
|--|---|------------------|
| Continued onds activities in 2020 | Support for the social activities unit in the coordination and expansion of the help centre network, the monitoring of network data, international activities and specific training of social workers, including training on how to use the database. | € 115,200 |
| The solidarity train project | As part of the solidarity train project, train tickets are issued free of charge for journeys involving the social and employment integration of people with serious social hardships highlighted by the ONDS. | € 10,000 |
| | | € 125,200 |

The help centre network's main services

In 2020, the help centre network assisted more than 15,500 people, showing a significant decrease in the number of users compared to the previous year (30%), mainly due to the temporary closure of some services and restrictions on beneficiaries' movements in cities due to the pandemic and the related Prime Minister's decrees.

Although new users, i.e., those using the ONDS social services available at the station for the first time, decreased slightly (-37% compared to 2019), they still account for more than 52% of total users.

| Main help centre indicators | 2020 | 2019 | 2018 | 2017 | 2020 vs 2019 |
|-----------------------------|----------------|----------------|----------------|----------------|--------------|
| Total days open | 4,137 | 7,034 | 4,927 | 4,635 | -41% |
| Total hours open | 28,159 | 43,441 | 27,546 | 25,614 | -35% |
| VISITORS | 140,680 | 308,009 | 142,831 | 192,958 | -54% |
| Social orientation projects | 48,869 | 101,619 | 93,774 | 95,181 | -52% |
| Low threshold projects | 424,493 | 417,388 | 347,348 | 361,107 | +2% |
| TOTAL PROJECTS | 473,362 | 519,007 | 441,122 | 456,288 | -9% |
| TOTAL USERS | 15,676 | 22,386 | 20,919 | 25,890 | -30% |
| new users | 8,195 | 12,973 | 13,834 | 13,254 | -37% |

The centres provided roughly 49,000 support and social orientation projects and approximately 425,000 low threshold projects (providing necessities such as food, clothes, blankets or basic sanitary services) in 2020, bringing the total to over 473,000 social projects, 9% down on 2019. This decrease was due to a 52% reduction in social orientation projects along with a 2% rise in low threshold projects. This latter figure is particularly significant as it shows how requests for necessities rose despite the limitations imposed due to the pandemic.

Most of the beneficiaries were men (82%) and most users were foreign (63% outside the EU and 9% from the EU). The percentage of Italians rose from 24% to 28%, compared to 2019.

Users by nationality 2020

| | |
|----------------------|-----|
| Non-EU users | 63% |
| Italian users | 28% |
| EU users | 9% |

Shelters

In addition to the help centres, through major Italian non-profit associations, many shelters have been set up in railways areas, particularly in Rome and Milan:

- › the "Don Luigi Di Liegro" shelter in Rome;
- › the "Rifugio Caritas" shelter in Milan;
- › the "Binario 95" day shelter in Rome;
- › the "Progetto Arca" shelter in Milan;
- › the "Pedro Arrupe" shelter in Rome for those seeking asylum and political refugees, managed by the Centro Astalli association. It has been operating out of the former Ferrotel at the shunting site in Rome since 2002.

A total surface area of roughly 11,000 m² has been granted on free loan for the social activities carried out in the shelters, with a total estimated value of around €16,524,000 (average value of €1,500/m²). Overall, the total surface area granted on free loan for social activities (help centres and shelters) in 2020 is approximately 15,216¹⁰²m², with an estimated value of around €22,824,000 (average value of €1,500/m²).

Re-use of property assets

The Ferrovie dello Stato Italiane Group owns not only assets that are functional for its core business, but also extensive real estate holdings that are no longer used, consisting of train stations, booths and tracks.

To date, in collaboration with local bodies and non-profit associations, 418 stations have been reassigned for activities to improve the local area or provide public services¹⁰³. Total spaces of roughly 155,563 m²¹⁰⁴ have been provided, with a total value of around €233,344,000. Idle railway lines that can potentially be used for social purposes and soft mobility span approximately 1,162 km¹⁰⁵. At present, roughly 465 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.

¹⁰² The surface area includes the help centre network (4,200 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).

¹⁰³ The number refers to stations with at least one free loan agreement in place.

¹⁰⁴ The number refers to buildings granted on a free loan basis in and around stations. The Group has granted the use of yards outside stations and/or land for roughly 4,141,448 m².

¹⁰⁵ Idle lines do not include those to be redeveloped as "railway lines for tourism" (185 km).

Specifically with regard to stations, central and transport infrastructure and assets available, the Group undertook the following in 2020:

› The former Porta Romana railway hub

“Porta Romana” fund won call for bids for former railway yard Porta Romana for the former Porta Romana railway hub, which covers a surface area of roughly 20 hectares, was awarded to the “Porta Romana Fund”. It will be **turned into an Olympic Village** for the 2026 Milan-Cortina Winter Olympics, with housing for the Olympians and Paralympians. At the end of the games, the spaces will be converted into **social housing and student housing** for environmental sustainability to benefit the community. The international competition for the masterplan of the Porta Romana railway hub is in progress.

In the meantime, the FS Italiane Group began removing idle structures, such as tracks and poles, and planning how to move the current railway line.

The redevelopment of the former Porta Romana railway hub is part of “Scali Milano”, Milan’s largest **urban redevelopment project** for the next 20 years and **one of biggest local area regeneration and development projects in Italy and Europe**.

› The Greco-Breda hub in Milan

As part of Milan’s strategic plan to regenerate idle railway hubs, the Greco-Breda hub was submitted to the “Reinventing Cities” global competition organised by the C40 cities network focused on environmental issues and cutting carbon emissions in large urban areas¹⁰⁶.

The winning project presented a **new model for sustainable living**, from an **energy and social** perspective, a new **zero-emissions way of living** in green surroundings with community vegetable gardens, green areas and public spaces. The model proposes to mend the urban fabric, integrating and enhancing the project area with the surrounding neighbourhoods.

Fund raising campaign

Each year, the FS Italiane Group promotes and organises its traditional Christmas fund raising campaign in collaboration with leading social organisations. At the end of 2019, the Group held a fund raiser called “I’ll pay today” in collaboration with Caritas Rome. Roughly 200 Group volunteers on board trains¹⁰⁷ distributed Dolceamaro chocolate bars to passengers in exchange for donations. The proceeds will go to the “I’ll pay today” project run by Caritas Rome together with a team coordinated by the chef Angelo Troiani. The project will help homeless people find employment by organising qualified cookery courses for young people and adults staying at Caritas Rome shelters. Donations continued until the end of June 2020 at self-ticketing machines and in FrecciaClub lounges around the country, raising around €185,194.

At the end of the year, another round of fund raising was organised by the Differenza Donna association to support the project “Every woman who overcomes violence changes the world”. The project will fund the repurposing of two properties confiscated as criminal assets to provide shelter to 74 women and 148 minors fleeing violence within a year.

National and European projects and social awareness campaigns

In Europe, since 2008, the Group has been a signatory of the European charter for solidarity (European charter for the development of social initiatives at stations), as one of 17 partners from different European countries¹⁰⁸. The European social network includes non-railway operators that have signed parallel support pacts, including the European Federation of National Organisations Working with the Homeless (FEANTSA), the UIC and the Paris and Rome municipal authorities, among others¹⁰⁹.

¹⁰⁶ The competition has involved financial operators that can present a purchase bid on the basis of their project. The L’Innesto team, represented by Investire SGR S.p.A., was judged winner on 17 May 2019.

¹⁰⁷ Before the pandemic broke out.

¹⁰⁸ Romania (CFR), Slovenia (Zeleznice), Norway (NSB), Bulgaria (NRC) Denmark (DSB), the Czech Republic (CD), Sweden (Jernhusen), Germany (DB), Croatia (HZ), Greece (Trainose) and Serbia (SZ).

¹⁰⁹ Additional members include the Spanish Railway foundation, ANCI (National Association of Italian Municipalities), the Sant’Egidio community, Fondazione Centro Astalli, the “Aux Captifs” association for the homeless, La Libération and FNARS, a leading federation of french organisations and associations that shelter socially disadvantaged people, and CINI, a non-profit organisation active at India’s largest railway stations.

PROMOTING CULTURE AND OTHER SOCIAL INITIATIVES

The Group and culture

The Group has always supported culture and initiatives to safeguard artistic, cultural and scientific heritage.

In 2020, within the restrictions imposed due to the pandemic, the Group renewed major partnerships with the country's main foundations and museums, to create ever more new travel opportunities by train as the ideal means to travel to art cities, experience the country's cultural highlights, explore the country and visit the most important exhibitions. Major events in which the Group participated include:

- › the Rome Film Festival;
- › exhibitions in Palazzo Strozzi in Florence, Fondazione Torino Musei, Scuderie del Quirinale, Palazzo delle Esposizioni in Rome, Museo della Scienza in Milan and the Peggy Guggenheim museum in Venice.

In addition, the Group partnered with Ferrara Arte, Mondomstre Skira and Mondadori Electa, which offered special benefits to visitors who travelled to the exhibitions by train¹¹⁰.

Other social issues

In 2020, in collaboration with leading charitable institutions and associations, the FS Italiane Group developed initiatives to protect health, promote public transport as a common good, and protect women and the environment. The Group's main projects included:

- › **Frecciarosa:** prevention travels at high speed. This initiative is dedicated to the treatment and prevention of breast-related diseases and education on correct lifestyles, sponsored by the Prime Minister and the Ministry of Health and promoted by the

IncontraDonna non-profit organisation. Due to the pandemic, the tenth edition was digital with the help of a team of oncologists available for free consultations via streaming. Frecciarosa.it also offered free teleconsultations for the whole month, webinars and live events, tutorials on preventing breast cancer and promoting good health;

- › **Play mobility – Travel is changing:** second edition of this free educational project aimed at raising awareness among young people about respecting public transport as a common good and informing them about the culture of travel. Involving students aged 6 to 14 from over 2,000 primary and middle schools all over Italy, the project explores travel as a memorable and formative experience, enhancing the importance of the digital component on transforming public transport and user experience;
- › **Green train:** zero-emission mobility, clean energy for a 100% renewable future, urban regeneration for energy and living efficiency and healthy, fair, equal and sustainable food: these are the themes of the 2020 edition of green train. Due to the need to curb the spread of COVID-19, this travelling campaign, focused on the effects of climate change and, as always, organised in partnership with Legambiente, only held two of the 13 planned events;
- › **Race for the Cure:** the largest event in the fight against breast cancer. The 2020 event was digital, broadcast on the social media channels of **Susan G. Komen Italia**;
- › **Save the Trucker:** initiative in partnership with the Italian Red Cross aimed at protecting and promoting the health of the truckers transporting goods all over the country, providing the necessary support via activities to inform and raise awareness about how to act in order to fight and prevent the spread of COVID-19.

¹¹⁰ The Group is also a member of Associazione Civita and Accademia Nazionale di Santa Cecilia.



TRENITALIA

Leonardo
express

SALITA
ENTRANCE



PREMIER
PUSH



FONDAZIONE FS ITALIANE

Fondazione FS Italiane established in 2013, aims to preserve and make the most of the historical cultural heritage of the historic trains, from documentary material

(books, documents and maps, audio-visual materials) which are evidence of the history of the railway sector and Italian Society since the beginning of 1900.

ITALIAN HERITAGE

- › 12,000 plans and blueprints of the network and the stations
- › 7,000 architectural drawings of stations and railway buildings
- › 7,000 rolls of technical drawings of historic locomotives and rolling stock
- › 10,000 photographs of trains, traction vehicles, carriages and wagons

- › 20 steam trains
- › 50 electric and diesel trains
- › 13 electric and diesel engines
- › 110 carriages and special vehicles
- › 12 wagons and trunks
- › 18 presidential train carriages
- › 1 fast electric train ETR 252 Arlecchino

- › 55 rolling stock on show
- › 39 to-scale plastic station models
- › 1 library with roughly 2,000 volumes
- › 1 plastic Trecentotreni model (18x2 m)
- › 1 plastic model of the Tirano-Saint Moritz railway (18x2 m)

- › 50,000 historic volumes
- › periodicals
- › blueprints and profiles

- › 500,000 black and white and colour film and digital photographs
- › 3,500 video cassettes
- › 3,000 films

Ferrovie dello Stato Italiane, Rete Ferroviaria Italiana and Trenitalia are the patrons of Fondazione FS.

Its main activities include:

- › organising trips on historic trains¹¹¹;
- › promoting railway tourism;
- › maintaining and rolling out historic vehicles;
- › managing the Museum of Pietrarsa;
- › promoting and organising events, shows and exhibitions;
- › renovating historical railway infrastructure to open to the public as museum hubs and historical archives:
 - › Campo Marzio station in Trieste
 - › former interlocking control building at Roma Termini

¹¹¹ The following railway lines reopened for tourism as part of the "Timeless rails" project, have been selected for inclusion in a genuine "moving museum": ("Ferrovia della Valsesia", "Ferrovia del Tanaro", "Ferrovia del Lago", "Ferrovia della Val d'Orcia", "Transiberiana d'Italia", "Ferrovia dell'Irpinia", "Ferrovia dei Templi", "Ferrovia del Sannio", "Ferrovia Pedemontana" and "Ferrovia del Monferrato").

- › renovating historical railway infrastructure as workshops for redeveloping/storing historic trains:
 - › Milan, Pistoia and La Spezia historic train depots
 - › Bologna Centrale hub
 - › Roma Termini depot
- › partnering with FAI to open prized railway infrastructure to the public:
 - › Firenze SMN terminus and interlocking control building
- › redeveloping historic lines to open to the public:
 - › opening panoramic views to make the most of the landscape
 - › redeveloping stations to create tourist hubs



JOURNEYS ON HISTORIC TRAINS

- › 194 individual journeys with historic trains for a total of 100,000 passengers
- › 90 journeys with historic "Timeless rails*" trains for a total of 11,000 passengers
- › 13,000 trains/km
- › €700,000 in revenue

*railway lines, between nature and art, dedicated to historic-tourist trains, outside the main rail hubs and lines with intense traffic



NATIONAL RAILWAY MUSEUM OF PIETRARSA

- › 55,000 visitors
- › 331 historic train visitors
- › 15 major events
- › €355,000 million in revenue

In 2019, the Fondazione FS updated its website www.fondazionefs.it to make it more user friendly and upgrade the graphics, publishing new images and creating new sections for a genuine online experience and to make it easier for users to search for journeys on historic trains. The site also includes a complete section devoted to the National Railway Museum in Pietrarsa and another section

containing the historic archives, where visitors may consult documents, designs, photographs and digitalised film. They may also access new audio-visual material and digitalised documents and the historic archive of rolling stock designs, which is the most direct and complete source of information for those interested in the history and technical development of FS rolling stock.

ETR300 – restoring the legendary "Settebello"

Inaugurated in 1952, the legendary luxury electric train ETR 302 (known as the Settebello) was known for its elegant forms and was a symbol of Made in Italy and the post WW2 economic boom. Thanks to the work of Fondazione FS Italiane, this train was brought to a private industry workshop in June 2020 to be fully restored. The contract, following a call for tenders organised by Trenitalia on behalf of the train's owner Fondazione FS, was awarded to O.M.S. based in Porrena (Arezzo). Worth roughly €13 million in total, the contract is co-funded by the Ministry of Cultural Heritage and Activities and Tourism (€4 million) and Fondazione FS via the FS Italiane Group (€9 million). The works to fully restore the ETR 302 to its original appearance and get it working again will take approximately two years. After which it will return to travelling along the tracks in Italy for tourism and culture, a true marvel of the FS Italiane Group. The furnishings and interior design will be restored to perfectly match the originals designed by Giò Ponti and Giulio Minoletti in 1950. The train will also be fitted with the latest technology to allow it to travel at up to 160 km/h.

The main social media channel used by Fondazione FS is Facebook which it uses to boost its corporate identity. Thanks to strategic events held on social media, the Fondazione's Facebook page has reached over 174,000 followers (+5.32% on 2019), garnering a record 21,872,019 accounts during the year, more than three times the number forecast in 2019. The Fondazione's official Instagram profile also recorded excellent results, overtaking the threshold of 10,000 followers and reaching the current number of 16,717 in record time (+91.5% on 2019). It reached an average of 7,912 users on Instagram out of total of 2,144,284, with an interaction rate of 5.57%. It also revamped its Pinterest page on 30 November 2020.

The official Fondazione FS YouTube channel of high-quality videos was also relaunched in 2020. It reached 18,578 views during the year with over 1,000 total viewing hours, over 144,600 impressions and a click rate of 7.5%. It broke the important threshold of 1,000

subscribers which means it can broadcast live streaming videos via mobile, enabling more real time sharing of Fondazione FS events to reach a wider public. Marketing activities in 2020 included promoting the Fondazione's online shop, which recorded 474,2016 views. Finally, the FS Fondazione newsletter has over 10,000 subscribers.

Fondazione FS invests its revenue (mainly from hiring out historic trains, property leases and the sale of tickets to the museum in Pietrarsa) in creating social and cultural value for the country and the areas in which it operates. Specifically, maintenance and roll-out of historic trains, management and museum conservation of its assets (rolling stock, audio/visual material and designs) help preserve and highlight the country's historical, social and cultural heritage.

An estimate of the social and cultural impacts¹¹² generated by the foundation's activities is shown below:



¹¹² The estimate is based on the framework provided by Associazione Civita "From CSR to Corporate Cultural Responsibility: how to enhance the projects of cultural companies".

CONTRIBUTIONS FROM MEMBERS ¹

€74.9 MILLION

REVENUE FROM ACTIVITIES ²

€18.2 MILLION

**VALUE OF ASSETS ³**

€10.6 MILLION

VALUE FOR LOCAL COMMUNITIES ⁴

€36.2 MILLION

Passengers on the historic trains contribute to the development of the areas and districts (purchasing local products and artisanal goods) and to the development of the historical and cultural heritage of the trains themselves.

NOTES

¹ Contributions from members refer to donations made by founding members during the 2014-2020 period for grants related to income (to run the Fondazione) and assets (to fund the Fondazione's investments in protection and maintenance projects and to increase property, plant and equipment and intangible assets).

² Revenue from other activities includes: ticket sales for the Museum of Pietrarsa, hiring out historic trains and other commercial revenue during the 2014-2020 period.

³ The estimated value of the Fondazione's historical, social and cultural heritage was based on the appraisal performed by an external consultant to value assets transferred to the Fondazione when it was set up. This estimate prudently did not consider investments in improvements, maintenance and the rolling out of assets. If these investments were included, the historical, social and cultural heritage would amount to approximately €15.5 million.

⁴ Passengers on the historic trains contribute to the development of the areas and districts (purchasing local products and artisanal goods) and to the development of the historical and cultural heritage of the trains themselves. The estimated value created for local communities and areas was based on research carried out in 2013 by the government organisation "All Party Parliamentary Group on Heritage Railways" with the title of "The Social and Economic Value of Heritage Railways". This research estimated that every pound earned through ticket sales generates £2.7 for local communities due to the purchasing of local products, lunch/dinner, museums in the areas, etc.. This coefficient was reconfigured on the basis of the relationships between total consumption in Great Britain and total consumption in Italy in 2017 (source: Eurostat). The coefficient was therefore equal to 2.01.





06

2020 SUSTAINABILITY REPORT

**FS ITALIANE
GROUP FOR
THE PLANET**



HIGHLIGHTS

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WHAT WE HAVE ACCOMPLISHED...

ENERGY AND EMISSIONS

Rated



"A-" BY THE CARBON DISCLOSURE PROJECT ON CLIMATE CHANGE

Included



CO₂ EMISSION PERFORMANCE TARGETS IN THE REMUNERATION POLICY FOR TOP MANAGERS

Introduced



20 HYDROGEN BUSES INTO THE VEHICLE FLEET IN GRONINGEN, THE NETHERLANDS



SAVED OVER 100,000 TCO₂

by purchasing green energy for the entire energy consumption of the road network

RESPONSIBLE PURCHASE

THE GROUP IS BANKING ON A GREEN OVERHAUL

to get transport up and running again after COVID-19 and to stimulate tourism and the Italian economy. It called for tenders for contracts worth roughly



€20 BILLION IN RAILWAY AND ROAD INFRASTRUCTURE
IN 2020

OVER €13.2 BILLION

in payments made in 2020,



89% OF WHICH RELATED TO DIRECT SUPPLIERS BASED
IN ITALY

that directly or indirectly generate income and job opportunities in the country

The Group was responsible for over



45% OF PUBLIC TENDERS IN 2020

ASSESSED 591 SUPPLIERS

using the Group's self-assessment questionnaire and the EcoVadis assessment platform



ISSUED GROUP GUIDELINES TO PROMOTE

sustainable procurement channels



... WHAT WE AIM TO DO

ENERGY AND EMISSIONS



CONSOLIDATE THE GROUP'S ENVIRONMENTAL RATING

Define



MEDIUM-TERM TARGETS FOR REDUCING GREENHOUSE GAS EMISSIONS



CONTINUE TO DEVELOP HYDROGEN TECHNOLOGY



DEVELOP RAILWAY NETWORK ELECTRIFICATION PROJECTS



RESPONSIBLE PURCHASE

Continue working to improve



THE SUPPLY CHAIN'S SUSTAINABILITY PERFORMANCE

while reducing environmental and social risks

DEVELOP NEW INTERNAL TOOLS

(methodologies, algorithms, information systems)



TO ASSESS AND CHECK THE SUSTAINABILITY PROFILE OF FINANCIAL OPERATORS AND SUPPLIERS



The FS Italiane Group believes that an organisation's long-term success is built on a strategy that prioritises the protection of natural balances. The FS Italiane Group's greatest contribution to the creation of an environmentally sustainable development model is that it offers the countries in which it operates a mode of transport that maximises the benefits of sustainable mobility.

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. Indeed, the Group intends to offer multimodal passenger and freight transport services that encourage mobility choices with positive impacts on reducing road traffic, improving safety, cutting pollution and emissions and generally benefiting the quality of life for people while creating fewer risks for the environment.



This is why it is necessary to strive for the continuous improvement of environmental performance in all operations, giving tangible shape to the established guidelines and internalising them in the sustainability policies and goals.

Thanks to a procedure-making process comprised of actions, monitoring and assessment, the parent guides and coordinates the environmental strategies that the companies then translate into independent paths for improving performance, maximising the environmental advantages of their own transport system and particularly focusing on rational use of resources, cutting emissions of CO₂ and other polluting substances and generally reducing the carbon footprint of all business segments.



ENERGY AND EMISSIONS

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THE TRANSPORT SECTOR'S ROLE IN DECARBONISATION

Transport is crucial for human and economic development, but because of the way it is currently structured, the transport sector imposes a series of indirect costs on the community: traffic, car accidents, pollution, depletion of resources and greenhouse gas emissions.

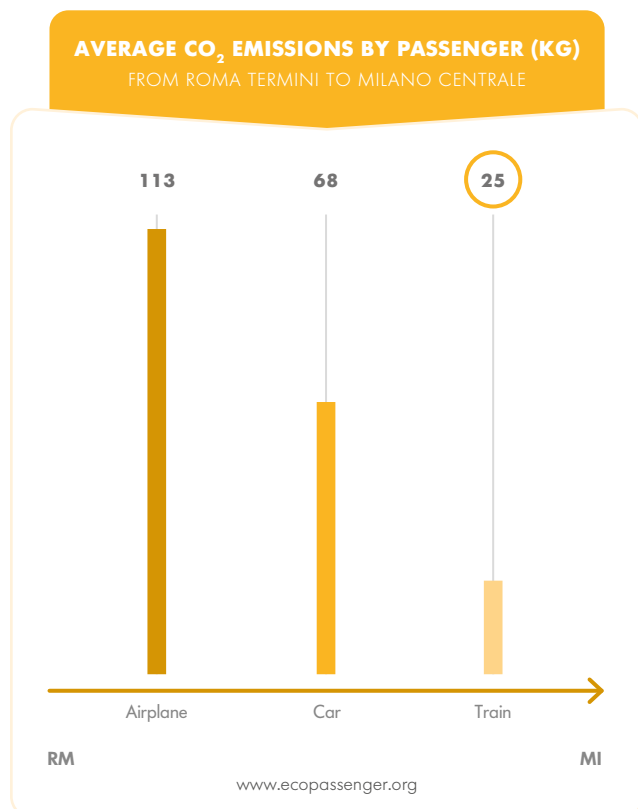
With regard to climate issues in particular, the current transport system in Europe is in the foreground as it is responsible for almost a quarter of total greenhouse gas emissions. In order to reduce the sector's carbon footprint, a convergence of actions is needed that can improve the energy efficiency of systems, increase the share of low/zero-emission energy and raise the share of eco-friendly transport, such as railway, collective transport by road and shared systems.

Trains are the most energy-efficient means of motorised transport and boast the lowest rate of CO₂ emissions. In Europe for instance, trains are responsible for less than 3% of total greenhouse gas emissions from transport despite moving 17% of the continent's freight and 8% of its passengers. A passenger on a train journey in Italy issues on average 75% less CO₂ than by an airplane and 60% less than a car.

Regardless of these well-known advantages, the railway sector is highly focused on how to contribute more to the global decarbonisation strategy spanning all nations in line with the guidelines of the Paris Agreement and Agenda 2030.

On a global level, Union Internationale des Chemin de fer (UIC), one of the sector's leading trade organisations, renewed the pledge it made in the lead-up to COP 21 by launching a climate issues awareness campaign in 2019. This **Railway Climate Declaration**, signed by FS Italiane S.p.A., hones in on three issues:

- › **reducing specific energy consumption and CO₂ emissions** of transport and thereby contributing to the "Low Carbon Rail Transport Challenge", presented in 2014 at the United Nations Climate Summit;
- › achieving **carbon neutrality by 2050**;
- › **contributing to the United Nations Sustainable Development Goals** (SDGs), monitoring and reporting progress.



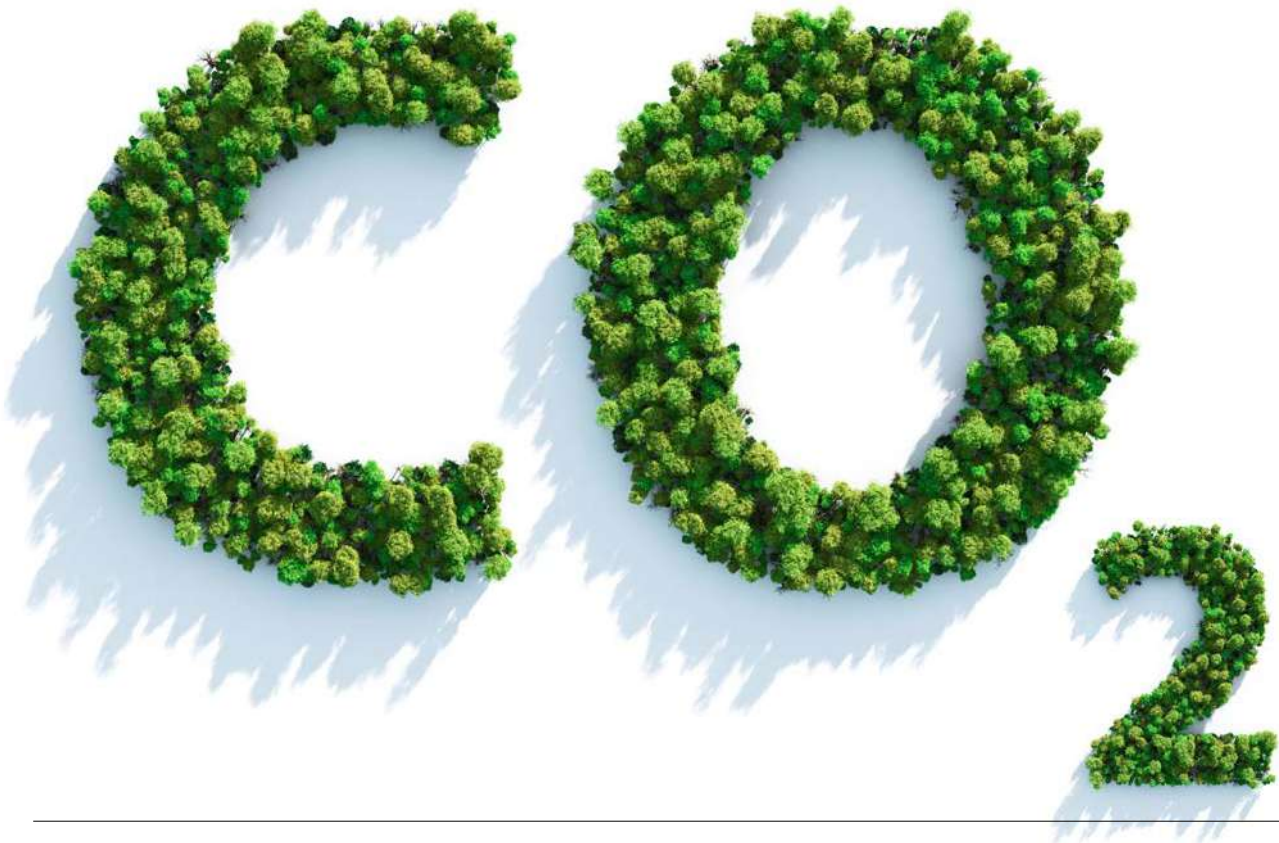
Also at European level, sustainable mobility is one of the pillars of ecological transition announced in the European Commission's Green Deal which strives to make Europe the world's first climate-neutral continent. The aim is to tackle the climate change challenge while at the same time pursuing economic growth, creating better jobs and improving people's well-being.

The role of rail in this objective is very clear. Indeed, the European Commission has named 2021 the **European Year of Rail** to underline the sector's importance as an environmentally-efficient, safe and innovative means of transport for passengers and freight and a key factor in the sustainable relaunch of the continent.

The Community of European Railway and Infrastructure Companies (CER) supports this approach and, aligning with the UIC's targets, promotes the railways as the backbone of a digitalised multimodal system that can boost its share of passenger and freight transport within Europe using sustainable mobility strategies. Indeed, the sector boasts a high percentage of electric networks in Europe and in Italy, proof of its well-established experience in electric mobility and focus on innovation, digitalisation and environmental efficiency.

In line with these institutes and the sector and with the conviction that the transport sector must play a key role over the next decades, the FS Italiane Group has endorsed the SDGs and is pursuing strategies that integrate them in its businesses. To this end, the FS Italiane Group defined three long-term goals¹¹³ two of which are closely related to climate issues, as they formalise the Group's commitments to becoming carbon neutral by 2050 and achieving a 15% increase in the modal shift towards shared, collective mobility in Italy by 2050. Along the same lines, it aims to balance and align the percentages of rail and road in the freight transport segment by 2050.

These goals were stressed in 2020 by FS Italiane S.p.A.'s CEO and general director Gianfranco Battisti. Responding to the appeal issued by the European Corporate Leaders (CLG Europe), he reiterated FS Italiane S.p.A.'s role in fighting climate change via its commitment to cut its emissions by 55% by 2030 compared to 1990 levels and reach carbon neutrality by 2050.



¹¹³ Reference should be made to "Our agenda for sustainable mobility of the future" for details.

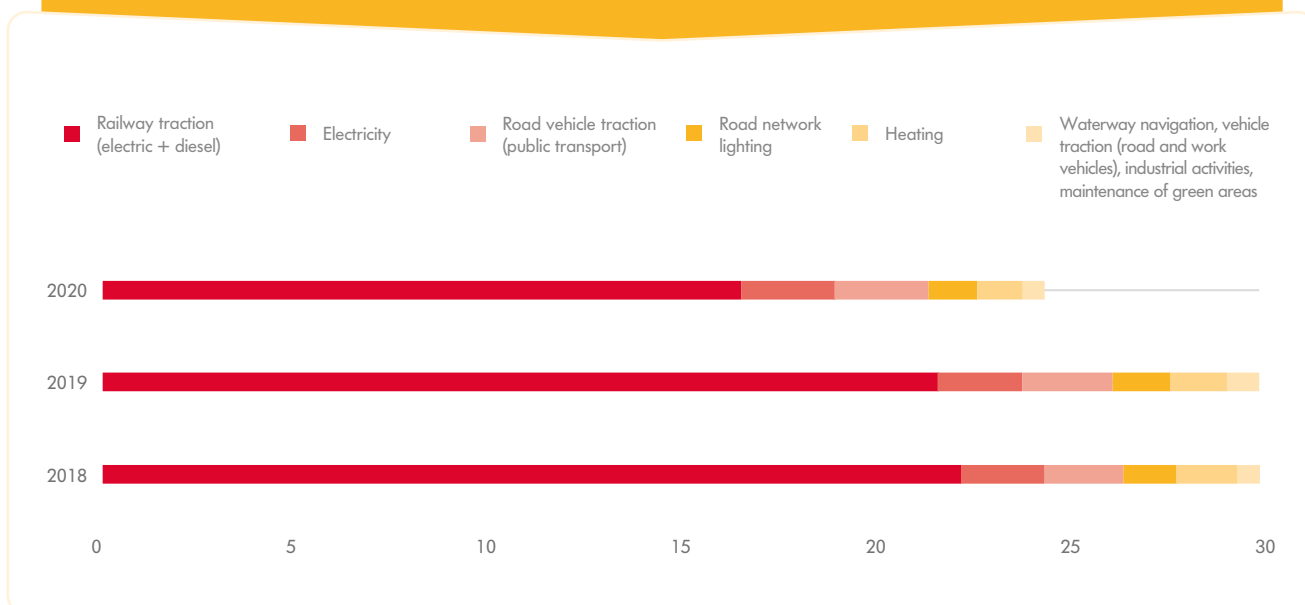
SOURCES OF ENERGY

302-1 302-3

| FS ITALIANE GROUP ENERGY CONSUMPTION (by source) | Unit of measure | 2020 | 2019 | 2018 | % change 2020/2019 |
|--|-----------------|-------------------|-------------------|-------------------|--------------------|
| Electricity for railway traction | GJ | 13,747,500 | 17,247,395 | 17,410,696 | -20.3% |
| Electricity for other uses | GJ | 2,419,810 | 2,557,587 | 2,484,763 | -5.4% |
| Electricity for road network lighting | GJ | 1,265,872 | 1,379,451 | 1,324,019 | -8.2% |
| Diesel | GJ | 6,084,250 | 7,310,836 | 7,245,835 | -16.8% |
| Natural gas | GJ | 1,235,834 | 1,418,403 | 1,640,300 | -12.9% |
| Other (*) | GJ | 61,046 | 64,781 | 64,524 | -5.8% |
| TOTAL | GJ | 24,814,312 | 29,978,453 | 30,170,137 | -17.2% |

(*) Heat, petrol, LPG, fuel oil and solar thermal energy

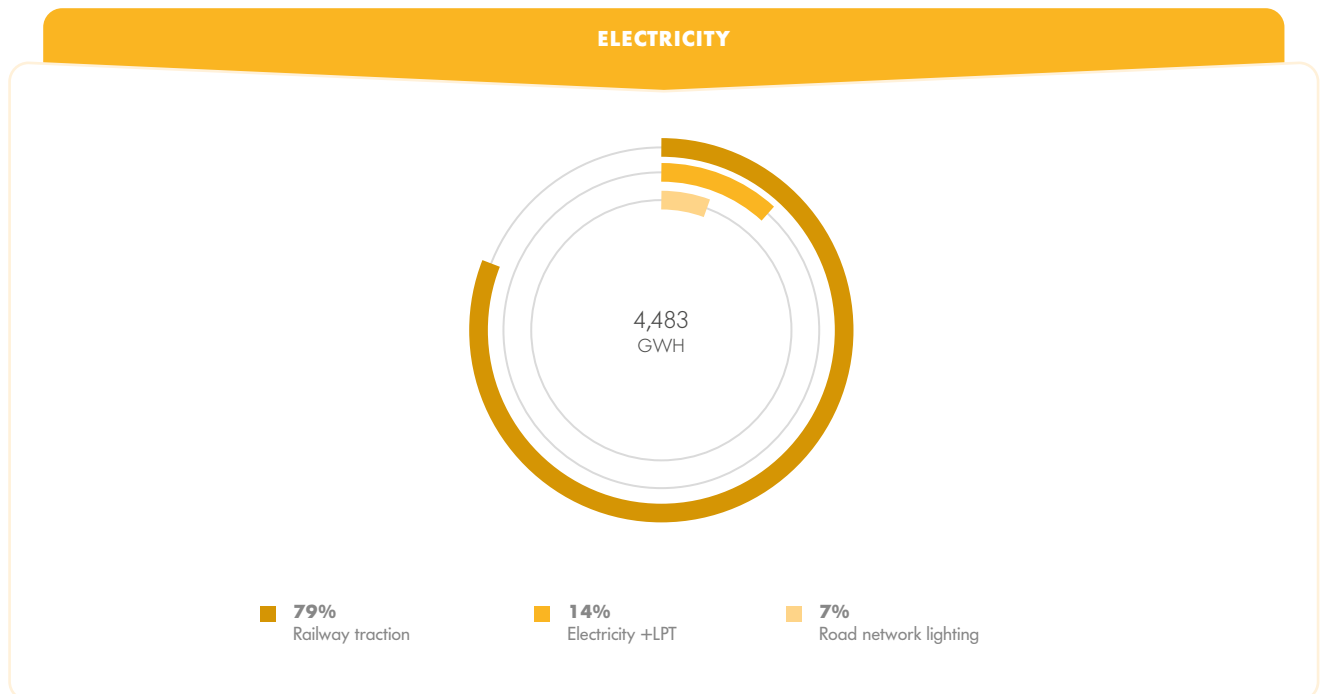
FS GROUP ITALIANE ENERGY CONSUMPTION - DESTINATION (millions GJ)



The public health emergency and consequent measures taken to contain the spread of infections which characterised 2020 drove down people's mobility with dramatic repercussions on the FS Italiane Group's operations and, consequently, its environmental and energy data.

As a result, 2020 saw significant variations in volumes compared to historic data and different breakdowns between the segments.

Energy consumption is a crucial environmental aspect in the FS Italiane Group's activities. Transport services especially, in addition to maintenance and operation of road and railway infrastructure, require the use of vast quantities of energy and absorb a significant amount of the Group's overall energy.

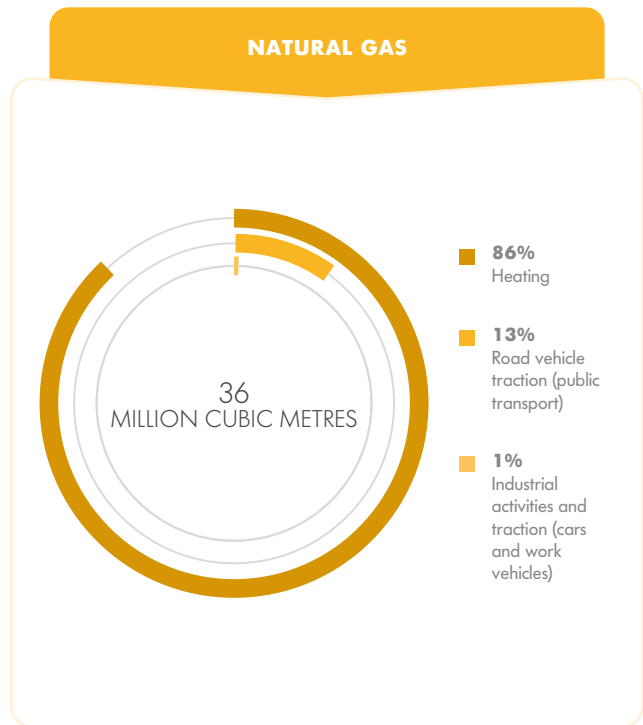
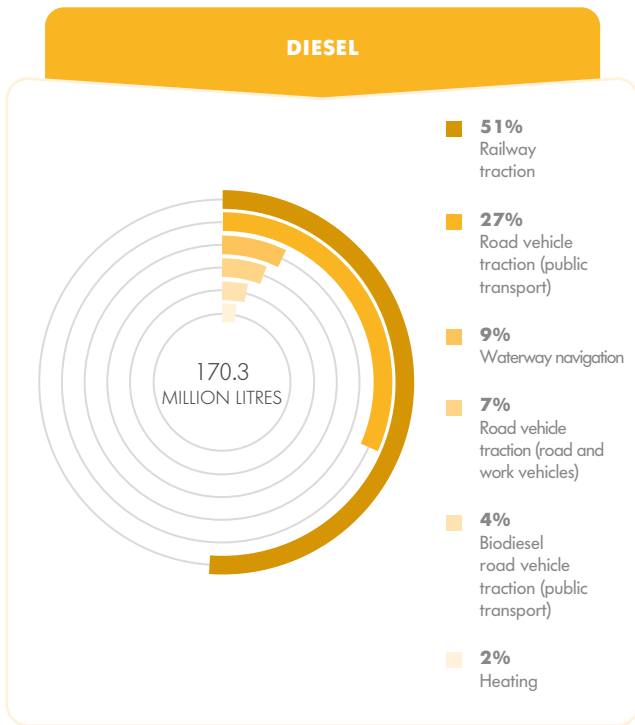


The total volume of energy consumed in 2020 was 24.8 million GJ, down 17.2% on 2019. That reduction was closely linked to restrictions to transport, seen in the variations in the main energy items linked to transport activities: electricity for railway traction (-20.3%) and diesel (-16.8%).

Electricity had the majority share and highest percentage of total consumption considering electricity for railway

traction, road network lighting and other uses (roughly 70%).

Electricity for railway traction absorbs almost 80% of the 4,843 GWh total energy consumed. Indeed, a large part of trains travel on the electric network (over 70% in Italy) with positive implications regarding the possibility of benefiting from the generation of renewable electricity.

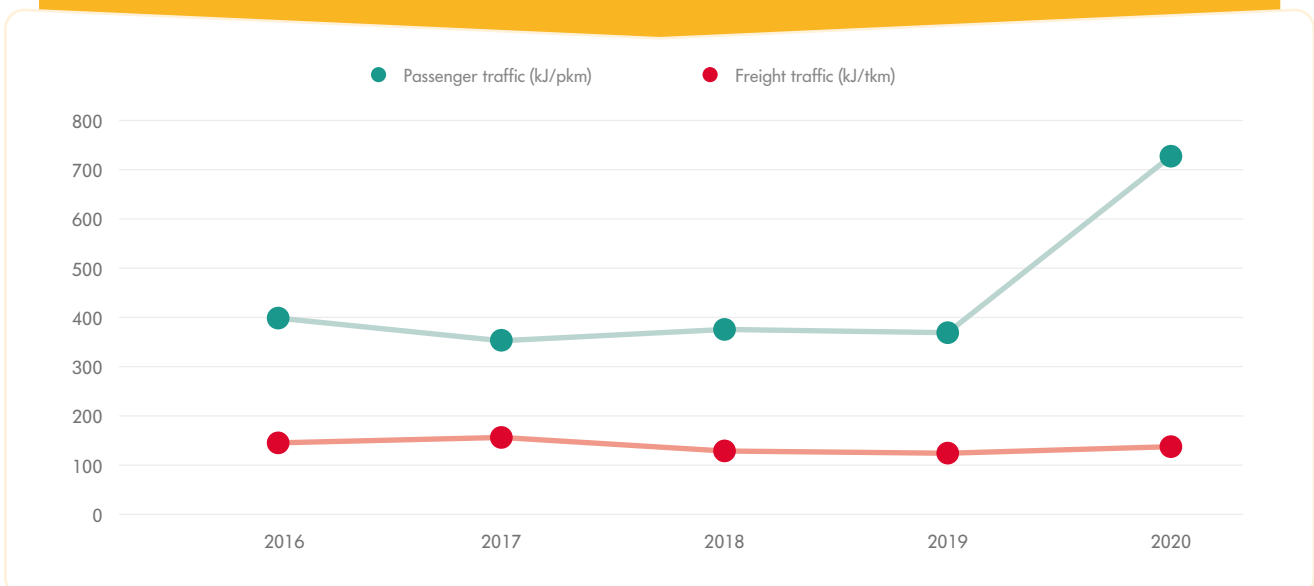


An examination of use by individual source shows how transport services also account for a significant amount of diesel consumption, though with different percentages of the total than electricity. Railway traction absorbed just over half of the 170.3 million litres of diesel consumed, public road transport 27% and 4% of biodiesel and waterway navigation 9%. The remaining 9% was consumed by work vehicles (7%) and heating (2%).

Natural gas is mainly used for heating rooms (over 85%) and only residually for transport and exclusively to power part of the road fleet (approximately 13%).

Specific end consumption is calculated as the ratio of energy used for railway activities in Italy on electric and diesel trains to the traffic units used to measure railway transport (respectively passenger and tonnes per kilometre). Affected by a variety of factors (e.g., speed, altitude, vehicles, load factor, transported weight, atmospheric conditions, etc.), this ratio did not show any material changes during the period considered, coming to 360 kJ/passenger-km for passengers and 140 kJ/tonne-km for freight. 2020 was an exception due to restrictions on passenger numbers which particularly impacted train services.

FINAL SPECIFIC CONSUMPTION FOR RAILWAY TRACTION IN ITALY



EMISSIONS

305-1 305-2 305-4 305-5 305-7

Curtailling greenhouse gas emissions is a priority for the FS Italiane Group and all Group companies are involved in developing initiatives to this end.

In 2020, FS Italiane S.p.A. was rated "A-" (leadership score bracket) by the Carbon Disclosure Project (CDP), a global reference point on climate change, confirming the Group's tangible actions on environmental issues. Together with other global leaders in the transport sector, FS Italiane S.p.A. also took part in the Assessing Low Carbon Transition (ACT) pilot

project promoted by the CDP to develop a methodology for assessing the progress made by companies in pursuing decarbonisation goals and strategies, sector by sector.

In 2020, the FS Italiane Group's CO₂ emissions totalled just over 2 million tonnes. The close link between energy consumption and CO₂ emissions is reflected in volumes and variations in totals and individual items. As a result, the pandemic also had a huge impact on greenhouse gas emissions in 2020.

| DIRECT AND INDIRECT EMISSIONS OF CO ₂ (location-based) by source | Unit of measure | 2020 | 2019 | 2018 | % change 2020/2019 |
|---|------------------------|------------------|------------------|------------------|--------------------|
| Electricity for railway traction | tCO ₂ | 1,207,250 | 1,584,677 | 1,621,342 | -23.8% |
| Electricity for other uses | tCO ₂ | 191,926 | 220,479 | 220,977 | -13.0% |
| Electricity for road network lighting | tCO ₂ | 104,256 | 121,238 | 118,178 | -14.0% |
| Other (*) | tCO ₂ | 16,576 | 12,107 | 5,960 | 36.4% |
| TOTAL (Scope 2 *** location based) | tCO₂ | 1,520,008 | 1,938,501 | 1,966,457 | -21.6% |
| Diesel | tCO ₂ | 448,299 | 538,657 | 533,815 | -16.8% |
| Natural gas | tCO ₂ | 71,075 | 81,726 | 94,634 | -13.0% |
| Other (**) | tCO ₂ | 1,117 | 1,219 | 1,506 | -8.3% |
| TOTAL (Scope 1***) | tCO₂ | 520,491 | 621,602 | 629,955 | -16.3% |
| TOTAL (Scope 1 + Scope 2) | tCO₂ | 2,040,499 | 2,560,103 | 2,596,412 | -20.3% |

* Electricity per LPT, heat

** Petrol, LPG, fuel oil

*** Scope 2 - Emissions from the generation of electricity purchased and consumed by the organisation for electronic devices, heating and lighting in buildings; companies are indirectly responsible for the emissions generated by the supplier to produce the electricity requested.

Scope 1 - Emissions from the direct combustion of fossil fuels purchased for heating, to generate electricity and thermal energy and to fuel transport vehicles.

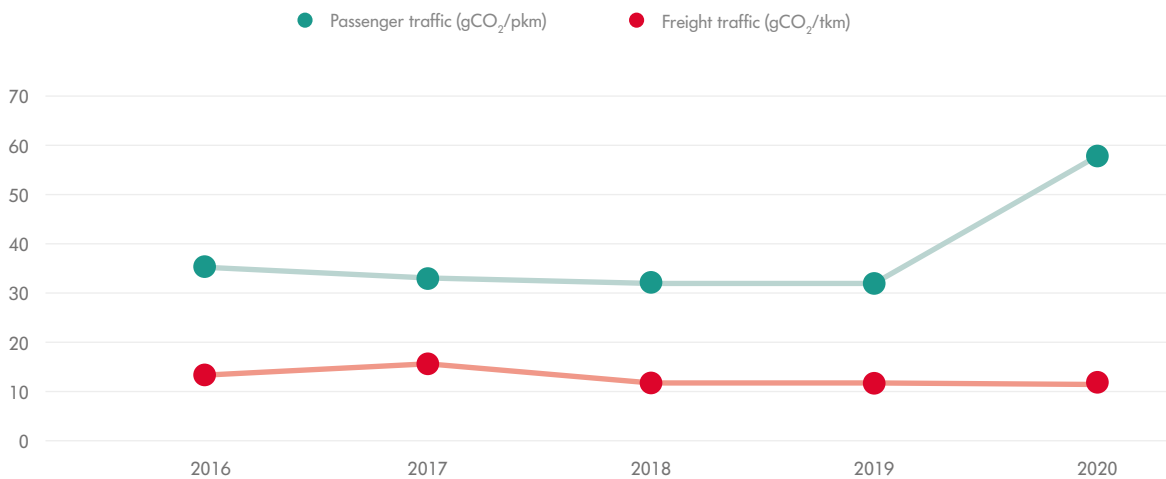


Based on the Greenhouse Gas Protocol (GHG Protocol), the amounts in the table were calculated using the location-based method which calculates emissions applying average domestic emissions for the various countries where the electricity is purchased. The attached "Performance indicators tables" containing the energy and emissions amounts also set out the amounts calculated using the market-based approach which calculates emissions based on emissions defined in the contract with the electricity supplier. This latter method highlights the gradual spread of energy from

renewable sources certified with guarantees of origin in the company segments where this is possible.

The performance of the direct (Scope 1) and indirect (Scope 2) specific emissions of rail transport in Italy is similar to that of specific consumption: emissions by traffic units for passengers and freight transported in Italy amount to just over 30 gCO₂/passenger-km and just over 10 gCO₂/tonne-km, respectively, remembering that 2020 was an outlier in terms of passenger transport.

SPECIFIC CO₂ EMISSIONS FOR RAILWAY TRACTION IN ITALY



The transport sector is also responsible for other emissions. Although the railway sector's emissions are marginal compared to other environmental aspects, atmospheric emissions should in any case be monitored. Nitrogen oxide and sulphur oxide emissions

and particulates are mostly the result of combustion. The FS Italiane Group's road transport companies are committing to upgrading the fleet, preferring more modern engines with significantly less harmful emissions.

| Other atmospheric emissions | Unit of measure | 2020 | 2019 | 2018 | % change 2020/2019 |
|-----------------------------|-----------------|-------|-------|-------|--------------------|
| NO _x | t | 6,255 | 7,761 | 7,968 | -19% |
| SO ₂ | t | 412 | 482 | 503 | -14% |
| PM ₁₀ | t | 167 | 208 | 214 | -20% |

The FS Italiane Group rated "A-" by the Carbon Disclosure Project (CDP)

FS Italiane S.p.A. entered the **"leadership" category of the CDP** by reaching an "A-" rating. CDP is a not-for-profit organisation that runs one of the top global environmental reporting platforms. It drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Over 9,600 companies, with more than 50% of the global market capitalisation, disclosed their environmental data via CDP in 2020. In addition, over 920 cities, states and regions also used the CDP platform.

FS Italiane S.p.A.'s score brought it **above the European, global and sector average** and recognised the Group's ability to report its energy consumption, emissions, actions taken to reduce its environmental impact and adopt adequate governance, strategic planning and climate risk management solutions throughout its entire value chain.



ENERGY AND OPERATING SEGMENTS

302-4 302-5

Many companies have rolled out various projects to install photovoltaic and thermal solar plants for self-production of the energy they consume, in addition to other plans to improve the efficiency of environmental performance overall, as detailed in the attached “Company Highlights - the environment”. Furthermore, benefiting from energy from renewable sources certified with guarantees of origin to be consumed for uses other than railway traction, FS Italiane Group companies purchased roughly 1,372 TJ in energy certified with guarantees of origin in 2020, accounting for roughly 37% of their needs (compared to 17% in 2019).

The FS Italiane Group aims to provide transport solutions that increasingly combine impeccable service quality with excellent environmental performance. The roll-out of the new Pop and Rock regional trains began in 2019 and continued in 2020 throughout various Italian regions¹¹⁴. Designed to meet important environmental standards, they consume up to 20% less energy than other trains in the same segment

and are equipped with smart air conditioning energy management systems and the green drive and smart parking functions, which minimise energy consumption. The market has recognised the environmental performance of this new generation of trains, alongside the performance of the Group’s Frecciarossa 1000 trains, enabling the Group to place green bonds¹¹⁵. The green bond also involved the railway sector’s freight transport segment, allocating a portion of proceeds to the purchase of last-generation wagons and engines, improving the efficiency and sustainability of the transport service.

In the road transport segment, the Group aims to replace lower environmental category buses (Euro 2, 3 and 4) with vehicles offering higher ecological standards, including hybrid and electric vehicles. Moreover, 20 hydrogen buses were added to the vehicle fleet in the Netherlands, which should save over 1,300 tCO₂ per year, with more to join over the coming years.

TRANSPORT

61%

energy consumption by low-emissions LPT*

*Electric, Diesel Euro 6, HVO, GTL vehicles

92.04%

Passenger traffic on electric trains

98.23%

Freight traffic on electric trains

fleet upgrade financed by **GREEN BOND**

+80

passenger trains
HS+Regional

+40

freight locomotives

+140

freight wagons

¹¹⁴ Reference should be made to “Travel” for details.

¹¹⁵ Reference should be made to “Sustainable finance as a tool for change” for details.

FS Italiane S.p.A. decided to focus further in hydrogen technology in 2020. It signed a Memorandum of Understanding with Snam to investigate and analyse the technical and financial feasibility of projects to test innovative technological solutions for the production, transport, compression, storage, supply and use of hydrogen in railway transport.

The FS Italiane Group is also making various efforts to improve the environmental performance of its networks and infrastructure hubs. As well as working in partnership with local institutions and stakeholders to develop a more sustainable and integrated transport system, especially in urban and metropolitan areas, its focus is on quantity and quality of energy consumed.

INFRASTRUCTURE

17,560km

railway network
of which

~70%

electric

over **600**

large and medium-sized
stations with energy
efficiency projects

100%

energy from renewable
sources (guarantee of origin)
on the road network

~30,000km

roads and motorways
(including over 800km of
illuminated tunnels)

A prominent role is given to increasing the already considerable percentage of railway infrastructure using the electric network to cut diesel-fuelled transport to a minimum. A large-scale campaign to upgrade lighting systems, introducing smart management systems to remotely control and manage lighting, on the Network of 600 Stations will slash energy consumption.

Starting from August 2020, the road network is using green energy to light roads and tunnels thanks to a supply contract for energy from renewable sources certified with guarantees of origin that will lead to savings of over 100 thousand tonnes of CO₂ per year.

The FS Italiane Group and hydrogen mobility

The innovative side of the Group's sustainability drive is the search for all technological solutions that can reduce or eliminate transport emissions. In line with the guidelines of the Green New Deal, FS and Snam signed an agreement at end of 2020 to test innovative technological solutions for the production, transport, compression, storage, supply and use of hydrogen in to help develop sustainable mobility. For some time now, RFI has been performing studies on hydrogen railway transport and hydrogen energy generation infrastructure in partnership with La Sapienza University in Rome and the Italian National Maintenance Committee (Comitato Nazionale Italiano per la Manutenzione (CNIM). Trenitalia is also performing other analyses, under EU JRC projects, regarding battery propulsion focused on comparing electricity/hydrogen bimodal trains and electricity/battery trains to roll out some tests. Busitalia Sita Nord's Dutch LPT company, Qbuzz has already added 20 hydrogen buses to its vehicle fleet in Groningen and plans to add 10 more in Emmen over the coming years.

RESPONSIBLE PURCHASES

103-2 103-3

OUR SUPPLIERS

102-9 102-12 102-16 204-1

The FS Italiane Group negotiates purchases in accordance with EU anti-trust directives the Group's own "Regulation

for Negotiations of Ferrovie dello Stato Italiane Group companies"¹¹⁶.



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.**

We base all our actions and conduct on utmost integrity and legality, excluding any form of favouritism. We only work with reliable, honourable and highly reputable people and businesses.

This is why, as noted in the Code of Ethics, the Group undertakes to:

- › **encourage** suppliers and business partners to promote respect for human rights and environmental protection;
- › **guarantee** total and effective competition and fair treatment;
- › **select** suppliers, business partners and their products based on quality, price, environmental performance and company needs and use, in accordance with declared and transparent methods;
- › **guarantee** diligence, good faith, integrity and respect for internal procedures in negotiations and contract performance with suppliers and business partners;
- › **guarantee** the transparency of transactions and the traceability of financial flows;
- › **respect and enforce** the confidentiality of information, documents and data;
- › **not exploit** any contractual grey areas or economic weaknesses.

The Group companies' contractual standards require the **suppliers to know and comply with the commitments signed within the Code of Ethics**, which encourages the development of virtuous practices to improve working conditions and reduce environmental impacts along the entire value chain.

The inclusion of sustainability criteria in the contracts awarded to the most cost-effective bids **is a practice that the Group has implemented for years**, in line with the rules of the Contracting Code (published with Legislative decree no. 50/2016), and mainly refers to:

- › ISO 14001, ISO 9001 and ISO 45001 certification;
- › the use of ecological materials and product certification;
- › energy efficiency and the use of energy from renewable sources;
- › measures for the protection of health and safety in the workplace.

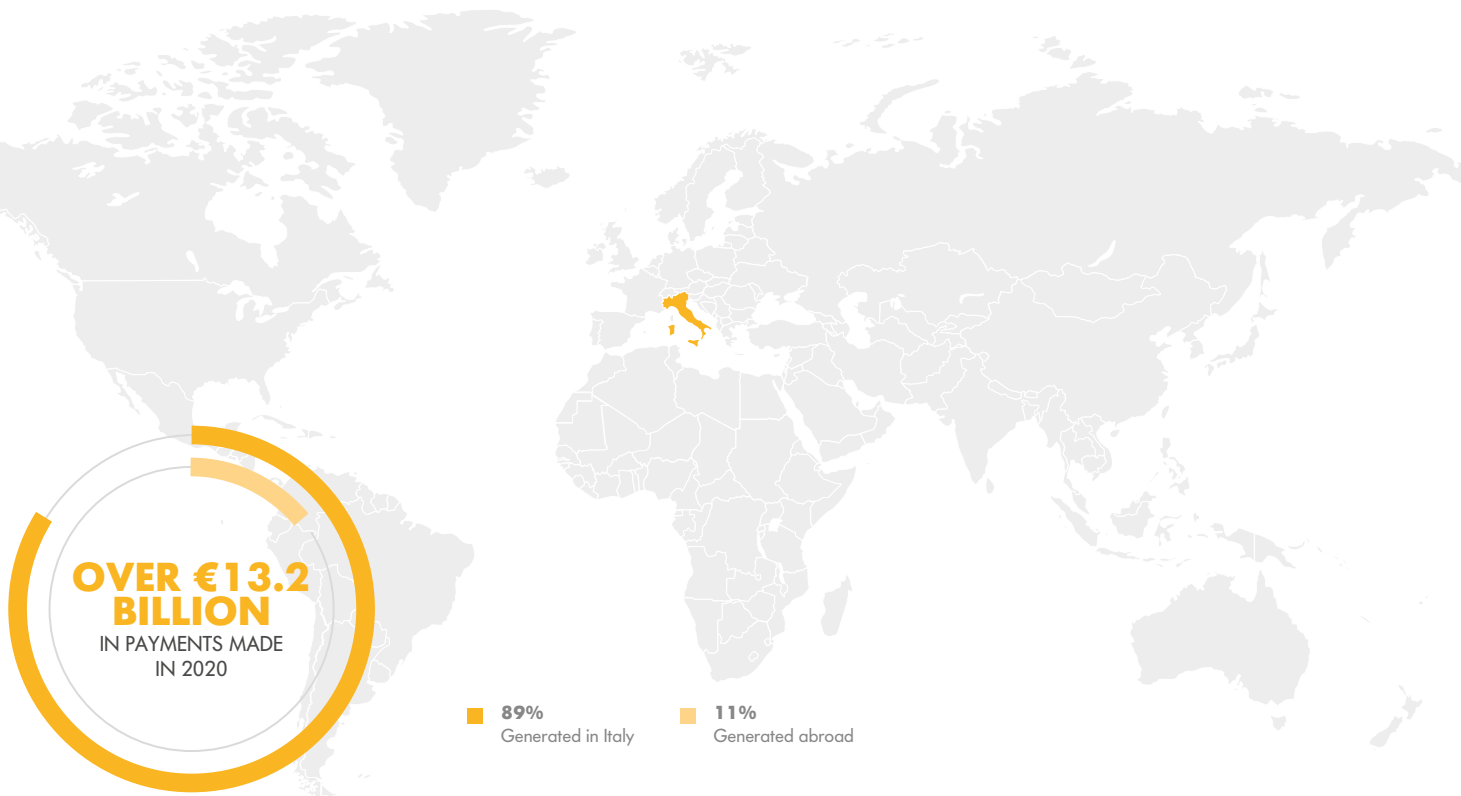
¹¹⁶ The code of ethics is available online in the Group companies' procurement policies.

€ **20 BILLION**
for railway and roadway
infrastructure

country's economic and infrastructural development, driving robust growth in the number of work sites in 2020 and calling for tenders for contracts worth **roughly €20 billion in railway and road infrastructure.**

The Group has confirmed its role as the powerhouse behind the

In 2020, the Group companies paid suppliers over €13.2 billion, of which approximately 60% for the execution of works contracts and 89% consisting of suppliers based in Italy and directly and indirectly generated income and job opportunities in the country.



The FS Italiane Group was the driving force of the market and public tenders thanks to the huge surge in the number of active sites in 2020.



**Over 45%
of public tenders
in Italy in 2020**

This was mainly due to the railway sector with RFI, which went from tenders worth €4.8 billion in 2019 to €13.8 billion in 2020, and Anas which issued bids for tender worth a total of €5.7 billion.

Source: 2020 Cresme report.

SUSTAINABLE PROCUREMENT

102-13 308-1 308-2 414-1 414-2

Responsible management of the Group’s supply chain begins with the inclusion of rules (social security, Code of Ethics, occupational health and safety, the environment, 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.**

- › pinpoint what is needed to define sustainable procurement policies and standards and establish them within the FS Italiane Group;
- › standardise sustainability principles and drive their integration into purchasing procedures and management;
- › integrate the requirements and guidelines provided by international standards on sustainable procurement.

As part of the Sustainable Procurement & Supply Chain Management”, during the year, FS Italiane S.p.A. defined **Group guidelines for sustainable procurement** in line with the business processes at the various operating companies. **The goal is to:**

The project to define guidelines has **involved the main Group companies and various company departments** (purchasing, sustainability, technical and legal departments)

The process is broken down into six stages from identifying which categories of goods should be subject to sustainable procurement criteria to reassessing the process itself. The results will provide input for designing the actions to be taken to **ensure continuous improvement and achieve the advantages offered.**

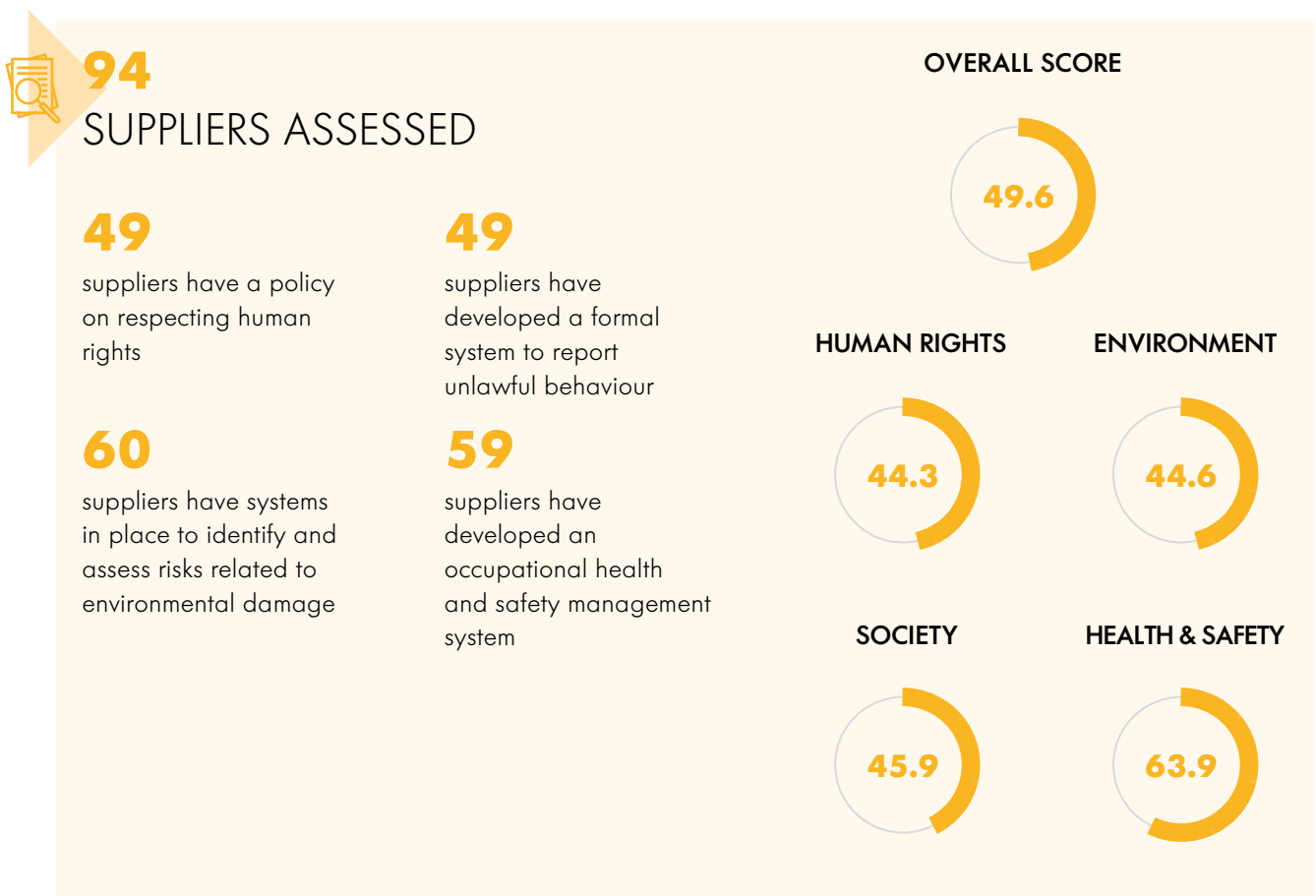


*Life Cycle Cost Analysis (LCCA)

An online survey was used to **monitor the environmental and social impacts of the supply chain**. 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), the survey was sent to the strategic suppliers of the main Group companies.

Based on the replies received, each section is **scored and used to calculate an overall rating**, from 0 to 100, **of the supplier's environmental, social and governance performance**.

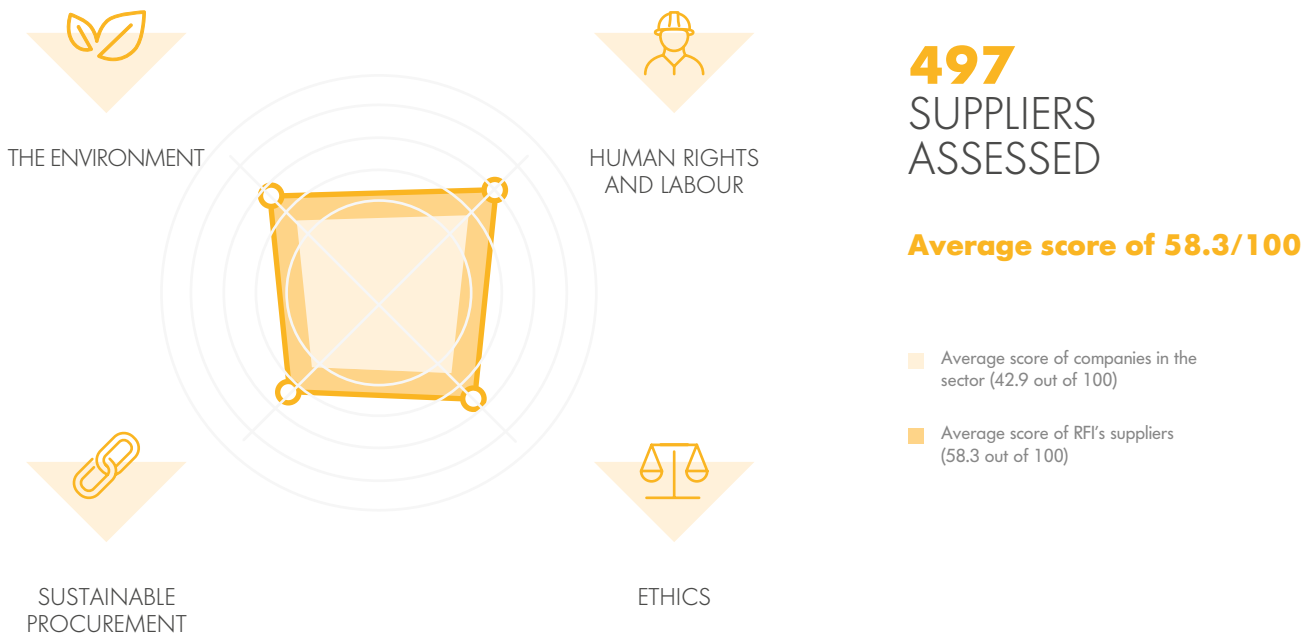
The **main figures and average scores of the 94 suppliers assessed using the Group's survey** are set out below.



An analysis and cross-check of the results by supplier size shows **four macro clusters with a different level of maturity with regard to managing environmental, social and governance issues**:

1. **Small suppliers** (1 to 25 employees), with an average score of around 33%;
2. **Small/medium-sized suppliers** (26 to 100 employees), with an average score of around 46%;
3. **Medium-sized suppliers** (101 to 1,000 employees), with an average score of around 60%;
4. **Big suppliers** (over 1,000 employees), with an average score of around 70%.

In addition, RFI S.p.A. **assessed 497 suppliers**¹¹⁷ (25% or 124 of which were new suppliers assessed for the first time in 2020) **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.

Aware of how much improving economic, environmental

and social performance also relies on the involvement of suppliers, **the Group will continue its process to assist suppliers in improving their sustainability profile** by integrating and consolidating environmental and social considerations in the procurement process and by analysing the sustainability performance of the supply chain.

¹¹⁷ Number of suppliers with an active assessment on the EcoVadis platform at 23 December 2020.

SUSTAINABLE INFRASTRUCTURE

102-11

103-2

103-3

203-1

203-2

304-1

304-2

304-3

304-4

413-1

413-2

Infrastructure is an active player in the modelling of landscape, the redevelopment of land and the creation of economic and social dynamics.

As part of integrating sustainability into the design of

infrastructure, implementing new models and tools boosts stakeholder engagement. Accordingly, the Group worked on structuring a stakeholder engagement process in 2020 to create a broad support network throughout the regions touched by infrastructure projects.



The Group developed a specific **Sentiment Analysis platform** which enables **social media monitoring** of strategic infrastructure projects.

The **Sentiment Analysis** platform allows active listening to help gauge opinions. It processes huge quantities of data gathered from online texts (websites, social networks, blogs or forums) and provides an insight into perceptions on key issues of interest to stakeholders.

This engagement process helps identify stakeholder expectations and needs, pinpointing opportunities for development in the regions which can be used to steer new projects exploration and get a full picture of the project. **Specific sustainability studies and analyses were developed** using indicators (chosen based on the relevant guidelines) to **enhance the benefits offered by infrastructure projects and their capacity to create value** in terms of economic, environmental, social and tourist development of the regions.

Monitoring the social context means **understanding, analysing and explaining the changes that occur while the work is performed** with an impact on the main socio-economic and socio-cultural variables that characterise the lifestyles of the communities affected by the project.

In economic terms, a project may generate changes in local income because of the project's direct and indirect influences (employing the local work force, creating jobs, impacting different business sectors, etc.). It may also trigger sector-related changes in agriculture, industry and services (affecting the number of companies, their quality and size, their degree of specialisation, level of sector concentration, turnover, number of staff, etc.), changes in tourism (number and capacity of hotels, presence of tourists, etc.) and changes in the employment rate and structure.

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/compensation measures that will be taken.



The data and information acquired through monitoring are filed and managed in a specific database called **SIGMAP** (an information system for the geographical monitoring of the environment and projects) and adequately sorted, then **made available to the public** on websites that publish information for people, bodies and administrations.

Archaeological studies and explorations before the planning 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.

Aware of the decisive role that engineering can play in tangibly contributing to the reduction of CO₂ emissions, for several years now, the FS Italiane Group has chosen the **UNI ISO 14064** standard to develop and apply a **specific methodology for calculating the carbon footprint of projects**,

certified by an independent body. This methodology has become an effective operating tool guiding designers to improve design solutions and to spur contractors, during the construction phase, to purchase more sustainable construction materials.



Another step was taken in 2020 towards systematic use of sustainable methodologies in company processes by setting up a **CO₂ rate table**.

Thanks to this innovative tool, the GGroup can apply its methodology for calculating carbon footprint to all projects. It creates an inventory of the CO₂ emissions linked to the materials, transport and processing used in the construction of infrastructural works on the basis of price items used in developing projects.

The expertise it has gained in designing sustainable infrastructure led the Group to choose **Envision™** for the

certification of its commitment to finding the most effective design solutions.

Envision™ is the first rating system for designing and building sustainable infrastructure created by ISI (Institute for Sustainable Infrastructure), a non-profit organisation established to develop sustainability rating systems for civil infrastructure, in collaboration with Harvard University. The protocol, which consists of 60 sustainability criteria for the design and construction of sustainable infrastructure, affords a holistic view of infrastructure development in the local area and its long-term sustainability. Under Envision, projects must be assessed and certified by an independent body.

Specific focus has been devoted to infrastructure design, and this has involved the use of BIM (building information modelling) software with which Italferr continues its research and innovation work with the BIM for Rail project.

This research opens up a new frontier of infrastructure project development. It will prompt automated integration of sustainability assessments in BIM projects so that project alternatives and more sustainable technical solutions can be chosen.



BIM for Rail

The FS Italiane Group embarks on a new path of research and innovation with the **BIM for Rail - LCA project** (created by Italferr in partnership with the University of Salento's CoreLab and the ENEA spin-off ECOINNOVAZIONE) funded by the "Intelligent Production" call for submissions published by the Ministry of Economic Development to support projects engaged in industrial research and experimental development to create new products, processes or services.

More than half of the Italian population lives and works less than three kilometres from a station. Almost all universities and university departments, a varied concentration of services and companies, landmarks and locations

dedicated to health, culture, leisure and sports are also found within this radius. In this context, the FS Italiane Group plays a prominent role in the sustainable growth of the transport system.



From station to multimodal hub

One of the Group's main sustainable mobility initiatives focused on passengers is **defining and developing the Station and City Plan**, aimed at **transforming passenger terminals into intermodal hubs and appealing centres for the development of the local area** that can resiliently tackle environmental, economic and social emergencies. This entails meeting people's transport needs safely, boosting the accessibility and appeal of station areas. This will help restore balance to modes of transport available and promote using sustainable means to access the station.

An integral part of the project approach to transforming stations is to apply criteria and solutions that guarantee the sustainability of buildings and their functions. This strategic

approach leads to making the most of the climate and environment of the infrastructure, implementing **nature-based solutions (NBS)**.

A specific **location intelligence** system was implemented to map local transport, urban plan, demographic and social data and the locations of services and appealing hubs. This provides a constantly updated snapshot of changes under way and changes need to improve efficiency, quality and appeal of railway stations and surrounding areas.

The FS Italiane Group also manages the full cycle of the design and control activities for new road works. It applies an integrated planning approach starting from the feasibility studies, throughout the subsequent project stages (definitive and executive) and up to the bidding stage.

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.



A first for Italy, the **Smart Road Cortina 2021** project will see 100 kilometres of state roads from Longarone to Cortina d'Ampezzo fitted with traffic, accident and weather monitoring systems, all controlled by the operating centre built in Cortina for a **total investment of roughly €27 million**. Acting as a precursor for the mobility of the future and paving the way for the arrival of self-driving vehicles, this project aims to make traffic run more smoothly and improve road safety and driving comfort by controlling the infrastructure using IoT technologies.

The development of transport infrastructures plays a delicate role with respect to biodiversity, as it can eliminate habitats, fragment ecosystems, increase mortality for certain species and have other negative repercussions on the diversity of wildlife.

Developing infrastructure that respects biodiversity includes the following actions:

- › **prevention:** abstaining from building unnecessary infrastructures and not involving protected areas;
- › **mitigation:** minimising impacts with suitable measures (underpasses, overpasses and 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 Ferrovie dello Stato 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 2020:

| Site | Geographical area | Protected area | Type of protection | Site size (km ²) | Activity | Value of biodiversity |
|--|-------------------|---|--------------------------------|------------------------------|--------------------|--------------------------------|
| Rome - Pescara railway line Laying of double tracks of the Lunghezza - Guidonia line Elimination of the Via Cesurni level crossing | Lazio | ZSC IT6030033 Travertini Acque Albule (Bagni di Tivoli) | Natura 2000 | 4.3 | Railway line | Habitat 6110* |
| Laying of double tracks on the Rome - Viterbo railway line Cesano - Vigna di Valle section | Lazio | ZPS IT6030085 Comprensorio Bracciano-Martignano | Natura 2000 | 195.54 | Railway line | There are no protected species |
| Pedemontana Piemontese Link between the A4 and A26 motorways Masserano - Ghemme section | Piedmont | ZCS IT1120004 Baraggia di Rovasenda | Natura 2000 | 0.0347 | Type-B state road | n.a. |
| Change between the towns of Minori and Maiori in Torre Mezzocapo and preliminary plan for the use of excavated earth and rocks | Campania | a) Costiera Amalfitana (IT830) b) Parco regionale dei Monti Lattari (EUAP0527) | a) UNESCO b) Protected area | 0.01675 | Type-C2 state road | n.a. |
| S.S. 626 "della Valle del Salso" Lots 7 and 8 and completion of the Gela connector between S.S. 117 bis and S.S. 626 (Caltanissetta-Gela) Definitive project | Sicily | ZPS ITA50012 Torre Biviere e Piana di Gela | Natura 2000 | 0.0014 | Type-C1 state road | n.a. |

The Group's commitment does not end with the design, construction and operation of infrastructure. In the pursuit of a circular economy, **the Group has designed solutions that regenerate infrastructure that is no longer used in**

operations (stations, railway lines, worker housing, etc.) through redevelopment projects that extend their end-of-life and create new value for stakeholders.



Publications dedicated to sustainable mobility and social commitment are available on the RFI website. These include the **"Map of greenways FS lines - from disuse to reuse", a travel map of idle railway lines and empty stations**. This map of greenways shows how the Group's idle lines are being upgraded, highlighting the stretches that have been transformed into **greenways**.

For additional information about infrastructure design, refer to the "Sustainability" section of www.fsitaliane.it.

it, as well as RFI's website (www.rfi.it), Anas's website (www.stradeanas.it) and Italferr's website (www.italferr.it).



WORK SITE MANAGEMENT AND OVERSIGHT

301-1 301-2 403-9

During the construction of the infrastructure, the Group entrusts the works to third-party companies, mainly assigning Group companies the role of technical party in addition to, depending on the requirements and specific type of contract, coordination and/or supervision of the works, with the duty of directly performing any agreed-upon monitoring activities before, during and after the works, identifying any critical issues and suitable corrective measures.

Environmental control at sites includes inspections and periodic supervisory audits conducted by a team of experts and environmental monitoring activities to check whether the construction work has caused any changes to the environment.



Construction contracts for railway works require the contractors to adopt specific management systems that meet UNI EN ISO 9001, 14001 and 45001 standards.

Through this procedure, the Group has contributed to establishing a growing awareness of and focus on environmental management issues, land protection and workers' health and safety in the construction sector.

Environmental status monitoring makes it possible to:

- › check whether the expected impact has actually occurred;
- › check that the mitigation systems in place are effective;
- › ensure proper environmental management at the site;
- › monitor and immediately manage any environmental emergencies.

The table below details the most significant materials used¹¹⁸ in the construction of railway infrastructures which the Group entrusts the works to third-party companies, mainly assigning Group companies the role of technical party in addition to, depending on the requirements and specific type of contract, coordination and/or supervision of the works.

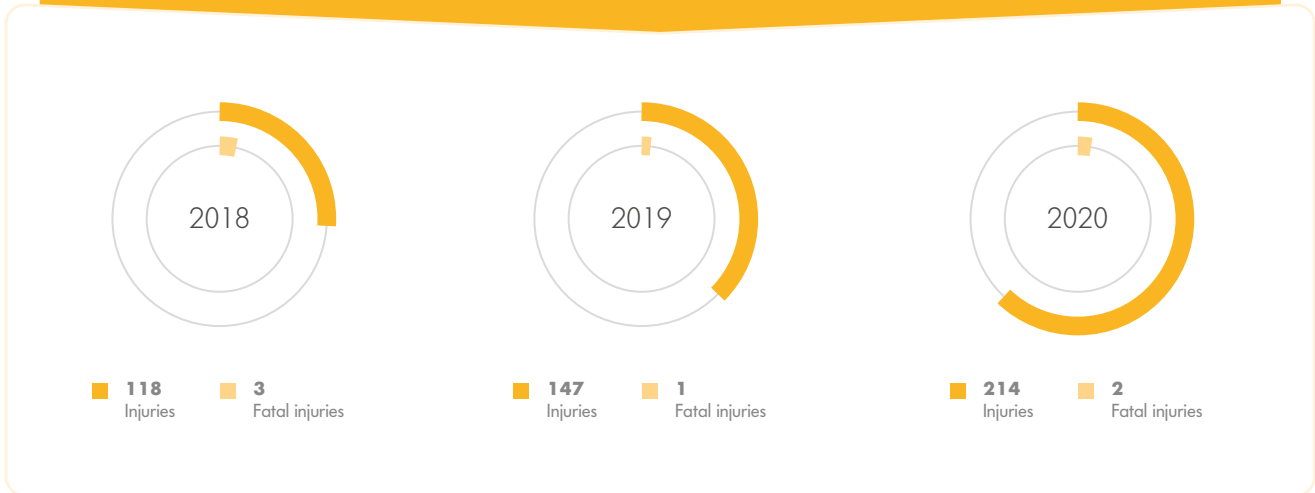
¹¹⁸ Any changes from the data provided in previous reporting periods are due to the change in the sample of work sites considered and the actual stage of completion of the work. The data on active work sites surveyed in 2020 cover roughly 90% of the total sample, up on 2019 (80%). This percentage was calculated as the weighted average of the work amounts, including variations.

| Materials used | Unit of measure | 2020 | 2019 | 2018 |
|---|------------------------|------------------|------------------|------------------|
| Raw materials | t | 4,225,576 | 2,884,248 | 1,700,860 |
| - Earth - procurement | t | 436,489 | 36,074 | 689,930 |
| - Concrete | t | 2,676,502 | 1,696,123 | 534,804 |
| - Inert material | t | 964,240 | 602,929 | 153,858 |
| - Steel for railway superstructure | t | 777 | 725 | 31 |
| - Steel for railway technology systems | t | 5,745 | 5,235 | 3,927 |
| - CAP sleepers | t | 4,909 | 261,759 | 721 |
| - Iron | t | 136,780 | 233,740 | 316,830 |
| - Aluminium | t | 11 | 35 | 748 |
| - Copper | t | 124 | 47,627 | 12 |
| Recycled raw materials | t | 7,368,805 | 4,076,889 | 2,243,433 |
| - Earth - reuse | t | 1,723,284 | 1,058,069 | 1,355,156 |
| - Earth - reuse through environmental redevelopment | t | 5,645,521 | 3,018,820 | 888,276 |
| Recycled raw materials (Earth - reuse and environmental redevelopment) | Unit of measure | 2020 | 2019 | 2018 |
| Percentage of materials used that are recycled input materials | % | 63.6% | 58.6% | 56.9% |

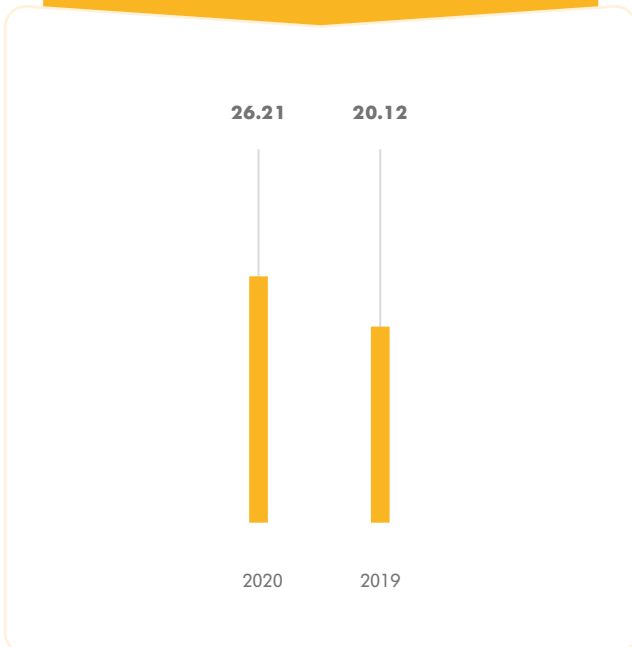
The Group has always devoted utmost attention to making contractors aware of the **importance of safety at sites** and

holding them accountable for site safety. The main safety indicators are reported below¹¹⁹:

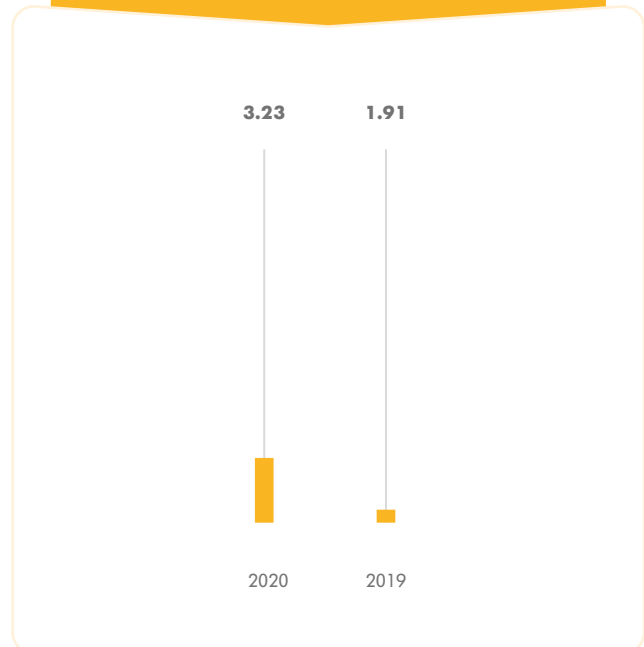
INJURIES INVOLVING EMPLOYEES OF CONTRACTORS (NO.)



FREQUENCY RATE (F)



SERIOUSNESS RATE (S)



¹¹⁹ 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.

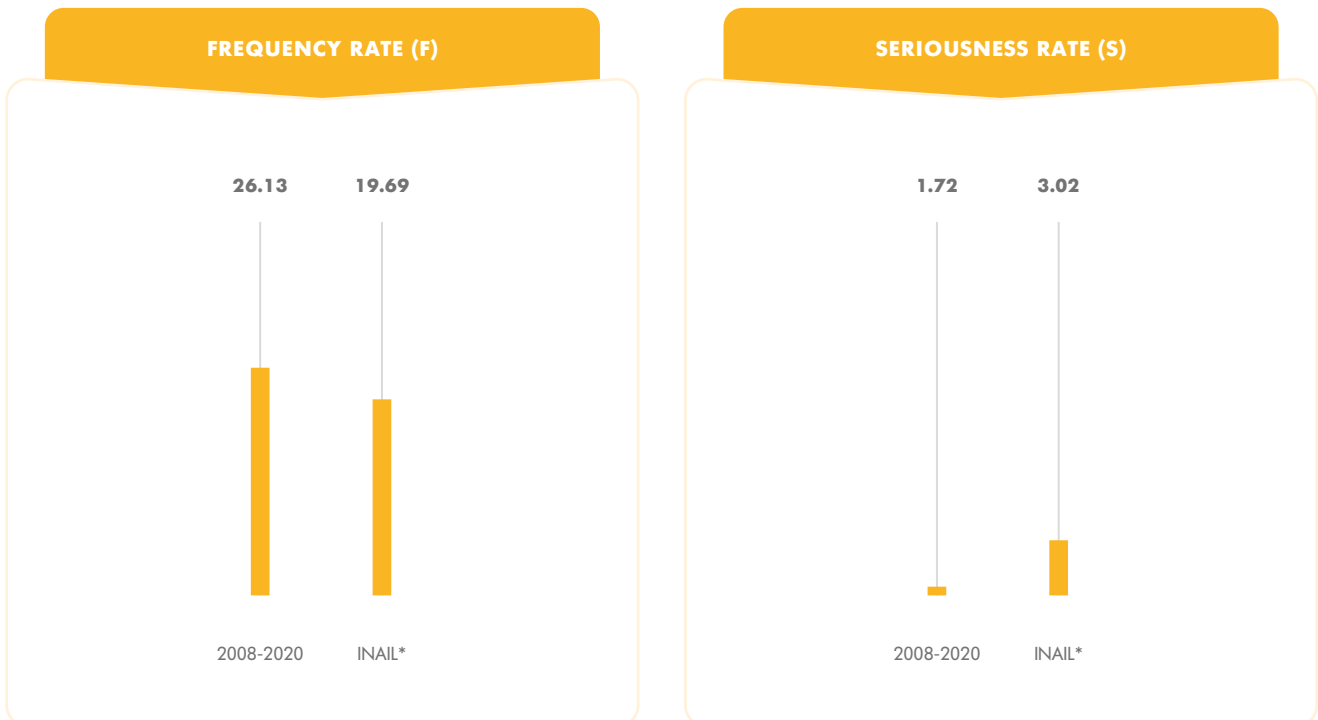
In 2020, the frequency rate¹²⁰ is higher than that recorded in 2019 (F= 20.12), as is the seriousness rate¹²¹ (1.91 in 2019) because of the two fatalities in 2020, compared to one in the previous year.

There was a botulin poisoning incident in September 2020 at the work site for the laying of double tracks on the Ogliastrillo-Castelbuono section, which affected 43 blue collar workers, resulting in a collective total of 2,344 sick days in 2020 due to work-related injuries. This incident led to the increase in injuries recorded and, accordingly, the substantial difference in the 2020 frequency rate compared to the previous year.

Despite the public health emergency, the number of hours worked increased by approximately 11% in 2020, a clear sign of the 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 has also increased both in absolute terms (214 injuries compared to 147 in 2019) and in relative terms, as demonstrated by the increase in the frequency index, even considering the poisoning described above.

ITALFERR AND SECTOR AVERAGE (INAIL)



*Average INAIL (national labour insurance institutions) rates for the construction sector for the years from 2008 to 2010 based on online publications and reflecting the most up-to-date information available at the preparation date of this document

An analysis of the average data shows how, while the frequency of injuries at work sites increased on the INAIL average, Italferr's **seriousness rate is far lower than INAIL's rate for the entire sector.**

For additional information about the management and control of work sites to build infrastructure, refer to the "Sustainability" section of www.fsitaliane.it, as well as RFI's website (www.rfi.it), Anas's website (www.stradeanas.it) and Italferr's website (www.italferr.it).

¹²⁰ Frequency rate: [no. of injuries/hours worked]x 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.

¹²¹ Seriousness rate: [(days of prognosis + conventional days for the fatalities)/people involved]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.

NOISE MANAGEMENT

The Group's commitment to reducing the impacts of noise has translated into the design of new infrastructures (new lines and new systems for passenger and freight traffic, including intermodal solutions) and projects to

maintain and improve the existing network (new traffic technologies, electrification, double tracks, upgrading, redevelopment of stations, maintenance, noise-dampening asphalt, etc.).



661 km

OF NOISE DAMPENING BARRIERS
IN ITALY



468 km

along railways



193 km

along roads

For the road network, the Group's efforts to find solutions that dampen noise along roads and comply with environmental and landscape restrictions cover two fronts: not only does it seek solutions on the market to

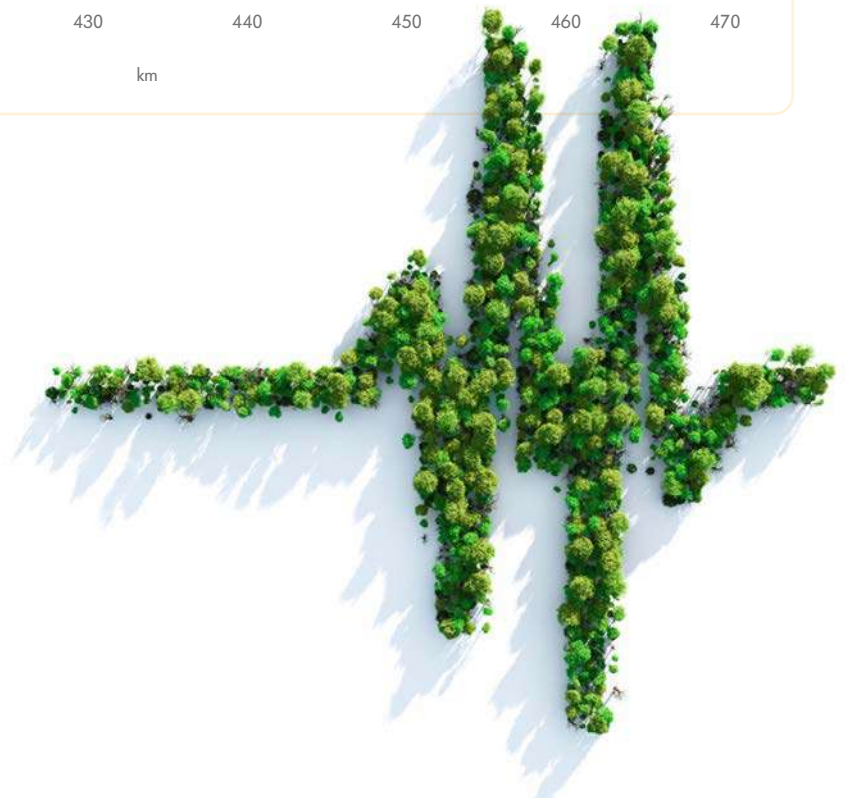
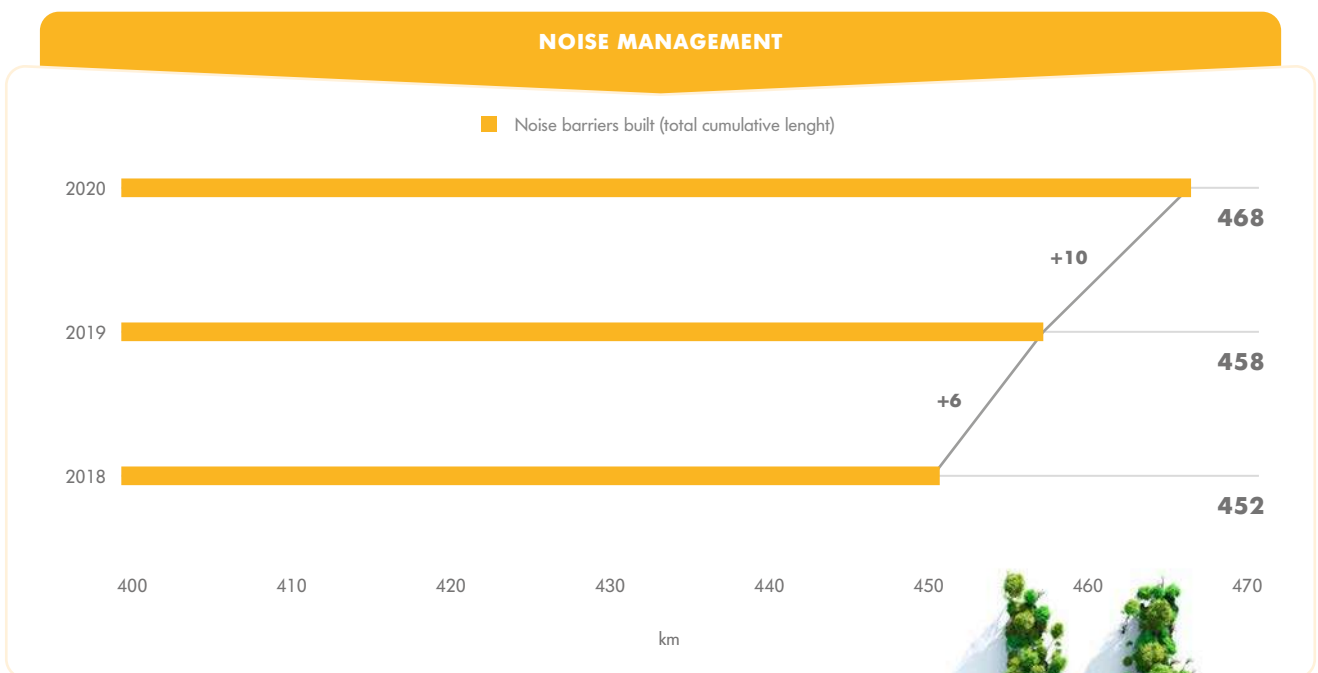
meet its quality and sustainability requirements, but it also develops innovative solutions, like integrated multi-functional barriers (photovoltaic energy, safety, environmental and catalytic).



A noise mapping system to detect and display in real time the acoustic impact of road infrastructure by installing smart devices: **this is the goal of the DYNAMAP** (Development of low cost sensors for real time noise mapping) project.

For the railway network, new rolling stock slated to begin operating is compliant with the most recent applicable technical specifications. The results of the

Group's efforts on new railway lines, those that it is strengthening and lines that are already operating include:



OTHER IMPACTS

103-2 103-3

The FS Italiane Group **continuously monitors its environmental impacts with the aim of minimising negative impacts**, while taking the necessary steps to promote the

environmental advantages of mass transport and make the most of natural resources.

WASTE MANAGEMENT

306-2



352 thousand
TONNES

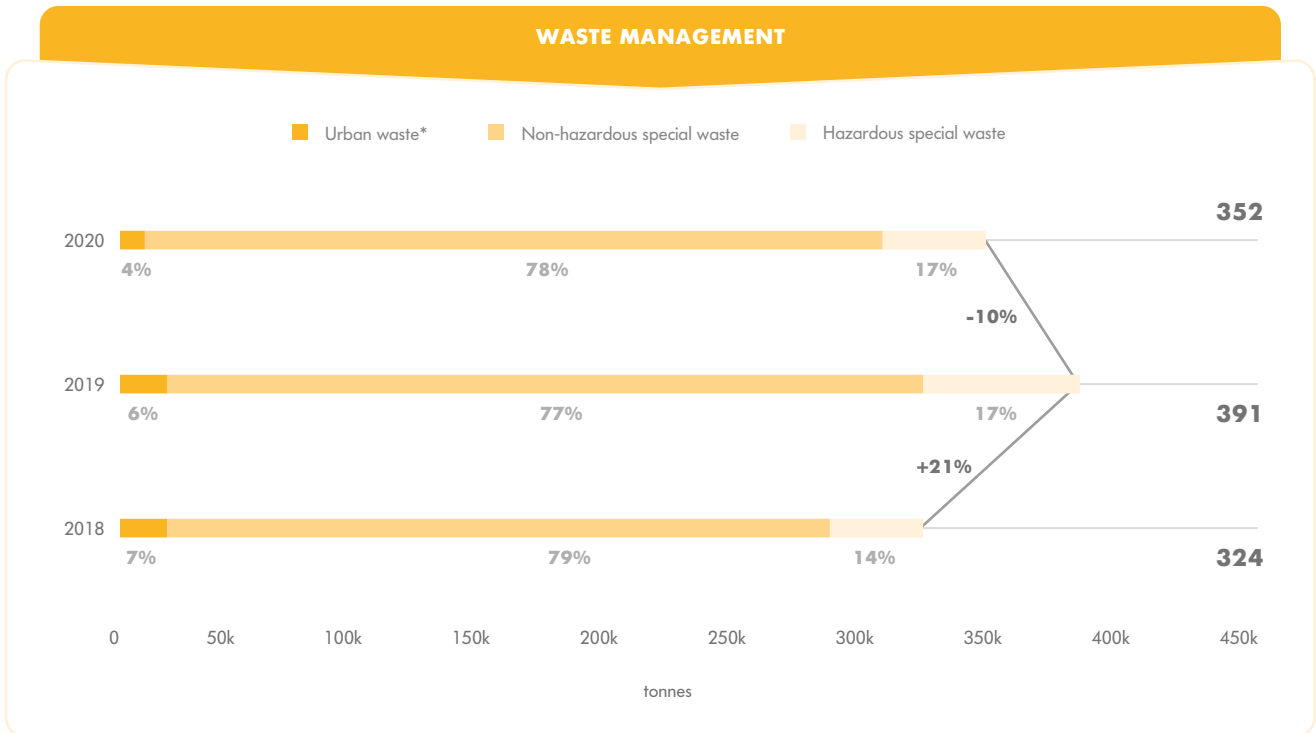


OVER 95%
sent for recycling

The implementation of circular business models geared towards preventing, reusing and recycling waste¹²² from industrial activities and the search for solutions to improve waste collection in passenger services **is a priority for the FS Italiane Group.**



¹²² Waste is classified by origin: special waste and waste classified as 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.



*Includes waste classified as urban waste in public areas at stations.

Waste from the infrastructure and transport companies accounts for **over 99% of all waste produced by the Group**. The reduction in the demolition of railway cars, the reduced replacement of wood sleepers along the railway sections updated in 2020 and, more generally, the impact of the emergency measures on production activities led to a decrease of approximately 10% in the production of waste in 2020 compared to 2019. The

over 35% reduction in the production of waste classified as urban waste is due to the extensive use of work-from-home policies for Group employees and, with respect to the waste produced in the station, the smaller number of travellers.

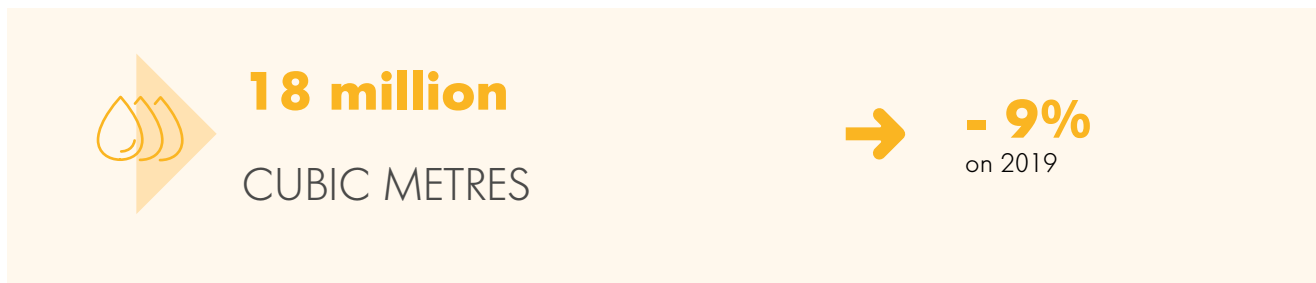
Over 95% of special waste is still sent for recycling - mainly iron, steel, cement and wood sleepers.

MANAGEMENT OF WATER RESOURCES

303-1 303-2 303-3 306-3

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 88% of consumption is for offices, toilets and showers in the workshops and drinking fountains at stations) and, to a lesser extent, for industrial use (washing trains and buses).



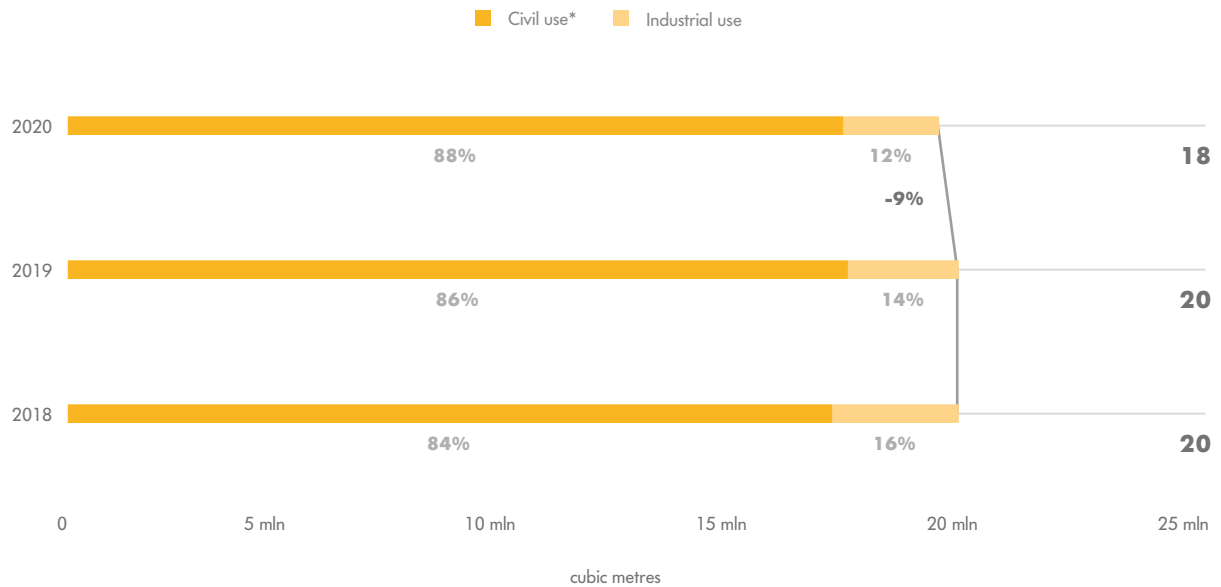
The Group holds frequent awareness campaigns to inform passengers about the responsible use of this resource and, with respect to industrial use, these campaigns mostly focus on reducing consumption to ensure the effective collection

and treatment of the wastewater¹²³. The 2020 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.



¹²³ Water withdrawn for industrial use undergoes a different treatment from that for civil use, considering the specific characteristics of the pollutants.

MANAGEMENT OF WATER RESOURCES



*Includes water withdrawn for civil use in the stations.

The Group companies manage water supply and disposal in accordance with current legislation and also through certified management systems¹²⁴. They assess the environmental impacts of using water resources, monitor the quality of industrial waste water, avoid and prevent accidents that could damage the soil, biodiversity and natural habitats and define improvement goals to reduce consumption.

There could be spills in the performance of the Group companies' activities¹²⁵, 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.

¹²⁴ For more information about the certification scope of the Group's operating companies' management systems, see the final table in the "Company highlights: the environment" attached to this Report.

¹²⁵ There were 16 significant spills in 2020 for a total volume of roughly 407 m³.



07

2020 SUSTAINABILITY REPORT

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

102-13



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

Independent auditors' report on the sustainability report

To the board of directors of
Ferrovie dello Stato Italiane S.p.A.

We have been engaged to perform a limited assurance engagement on the 2020 Sustainability report (the "sustainability report") of the Ferrovie dello Stato Italiane Group (the "group").

Directors' responsibility for the sustainability report

The directors of Ferrovie dello Stato Italiane S.p.A. (the "parent") are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as described in the "Introduction" section of the sustainability report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the parent's objectives regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

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) issued by the International Ethics Standards Board for Accountants (the IESBA Code), 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.

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Ferrovie dello Stato Italiane Group
 Independent auditors' report
 on the sustainability report
 31 December 2020

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of 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 sustainability report 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 sustainability report 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 sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

- analysing the reporting of material aspects process, specifically how these aspects are identified and prioritised for each stakeholder category and how the process outcome is validated internally;
- comparing the financial disclosures presented in the sustainability report with those included in the group's consolidated financial statements;
- understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of Rete Ferroviaria Italiana – RFI S.p.A., Trenitalia S.p.A., Busitalia Veneto S.p.A., Qbuzz BV and Grandi Stazioni Rail S.p.A.. 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 sustainability report.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent level,
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the sustainability report;
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- at subsidiaries level,

we held videoconferences with the management of Rete Ferroviaria Italiana – RFI S.p.A., Trenitalia S.p.A., Busitalia Veneto S.p.A., Qbuzz BV, Grandi Stazioni Rail S.p.A, the Production, Technical and Regional passenger divisions, which we have selected on the basis of their business, contribution to the key performance



Ferrovie dello Stato Italiane Group
*Independent auditors' report
on the sustainability report
31 December 2020*

indicators at consolidated level and location, to obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2020 sustainability report of the Ferrovie dello Stato Italiane Group has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards, as described in the "Introduction" section of the sustainability report.

Rome, 15 April 2021

KPMG S.p.A.

(signed on the original)

Marco Maffei
Director of Audit







Group Strategies, Planning, Innovation and Sustainability Department
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