

2018 SUSTAINABILITY REPORT

The journey goes on



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



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

BOARD OF DIRECTORS

Chairman

CEO and General Manager

Directors

APPOINTED ON 1 JANUARY 2018 ¹

Gioia Maria Ghezzi

Renato Mazzoncini ²

Francesca Moraci ³

Giovanni Azzone

Simonetta Giordani

Federico Lovadina

Vanda Ternau ⁴

APPOINTED ON 30 JULY 2018

Gianluigi Vittorio Castelli

Gianfranco Battisti

Francesca Moraci ³

Andrea Mentasti

Flavio Nogara

Cristina Pronello

Vanda Ternau ⁴

BOARD OF STATUTORY AUDITORS

Chairman

Standing statutory auditors

Alternate statutory auditors

APPOINTED ON 4 JULY 2016

Carmine di Nuzzo

Susanna Masi

Roberto Ascoli

Paolo Castaldi

Cinzia Simeone

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

MANAGER IN CHARGE OF FINANCIAL REPORTING

INDEPENDENT AUDITORS

Angelo Canale

Roberto Mannozi

KPMG SpA (2014-2022)

¹ Following the shareholder's resolution on 29 December 2017.

² Appointed by the Board of directors on 10 January 2018.

³ Resigned on 25 July 2018 and reappointed as member of the Board of Directors on 30 July 2018.

⁴ Resigned on 25 July 2018 and reappointed as member of the Board of Directors on 30 July 2018.

CONTENTS

01

LETTER TO THE STAKEHOLDERS ... 05

02

INTRODUCTION 10

03

A TEN YEAR JOURNEY 16

04

2018 IN BRIEF 20

05

BUSINESS MODEL 26

Operating segments 31

Strategies 35

We contribute to the growth of the
countries in which we work 37

06

**INNOVATION TO THE BENEFIT
OF STAKEHOLDERS** 40

07

**TRANSPARENCY AND BUSINESS
RESPONSIBILITY** 48

Corporate Governance 51

Business ethics 55

08

RISKS AND OPPORTUNITIES 64



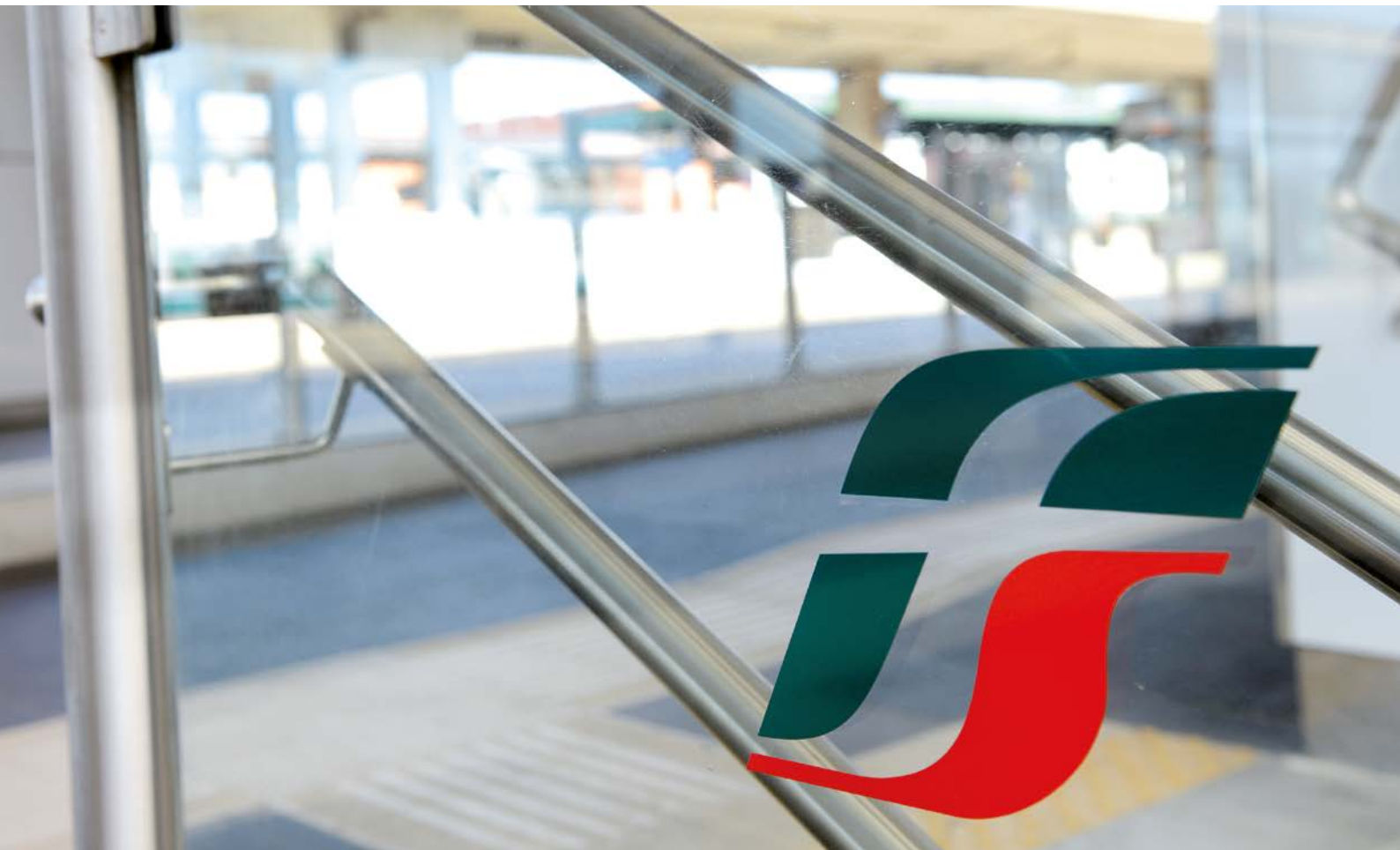
09

COMMITMENT TO A SUSTAINABLE FUTURE 70

Sustainability and the Group	74
Moving people and goods	86
Protecting the environment	130
Sustainable supply chain	146
People and their value	156
Support to the community	182

10

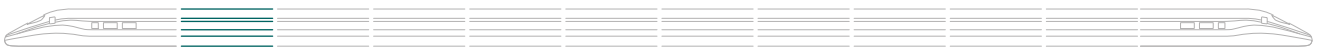
INDEPENDENT AUDITORS' REPORT 196



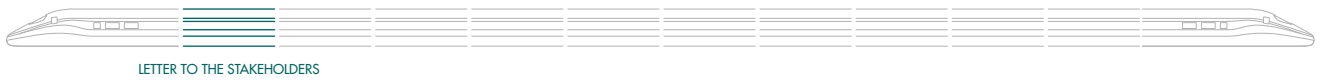


01

Letter to the stakeholders







LETTER TO THE STAKEHOLDERS

102-14

Dear stakeholders,

Over the past few years we have intensified our efforts to make all our business activities more sustainable with the conviction that now, more than ever, sustainability is vital for success in the modern world. As a large company in the transport sector, we take responsibility for our impact, aware of how our choices can affect people's lives and natural balances, and we intend to draw on our experience and innovation to deliver solutions that create real, widespread and long-lasting value.

To more effectively pursue this commitment, we have joined the UN Global Compact, sharing and upholding its fundamental principles governing human rights, labour standards, the environment, transparency and the fight against corruption and conscientiously applying them in our daily operations.

2018 was a key year for the definition of the strategies for the next few years and the approach we will take to the long-term challenges that lie ahead, as we aim to provide higher quality passenger and freight transport services. It was also a successful year thanks to our careful analysis and understanding of economic, social and environmental factors.

In the short-term, we will need to continue developing all areas capable of meeting passenger mobility needs, while leveraging FS Italiane Group's distinctive expertise and assets, thereby contributing to the development, connectivity and sustainability of the country's transport system.

But long-term plans are equally important. Last year, the Sustainability Committee began a collaborative process with the Group's stakeholders from research groups, institutions and other stakeholder groups, to define long-term objectives for 2030 to 2050, on priority issues for FS Italiane Group. The first three round tables focused on safety, energy, emissions and sustainable mobility and will soon formalise challenging objectives for the future of the Group.

In addition to the comprehensive data and figures presented in this report, a few events show how

sustainability is an increasingly crucial factor for all the companies that make up FS Italiane Group.

In the context of the Group companies' overall strategy of focusing on people and their needs, in 2018 Trenitalia launched Europe's first customer care service specifically for commuters on trains and at stations, to more effectively meet their needs for information, safety and comfort and improve the quality of their journeys. In addition, c2c, a subsidiary of Trenitalia UK, was named "Best Rail Operator of the Year" in the UK at the 18th annual National Transport Awards, underscoring its excellent service quality.

The Group would not be able to achieve its goals if not for the over 80 thousand employees, whose numbers have grown by 9% due to the larger consolidation scope and by 2% as a result of net employee turnover. In 2018, more than 573 thousand days of professional and skills development training were provided at group level, roughly 31% more than in 2017, and most of the training concerned maintaining and updating technical and specialist expertise and developing a deeper culture of safety. Indeed, FS Italiane and Eni signed a memorandum on the culture of safety to increase safety standards in contracting, improving how they are managed and the related operating processes. Moreover, in 2018, FS Italiane Group employees participated in "Innovate", a programme in which they propose ideas and transform them into innovative projects for the business. Employees from all Group companies submitted over 1,000 innovative project ideas, which internal and external experts analysed and evaluated, selecting a short list for the panel of senior managers, who awarded the top three.

FS Italiane's environmental policy was updated in 2018 to focus on creating a business that carefully monitors its impact on natural capital and develops efficient circular economy processes in close collaboration with the entire value chain. Environmental policy measures include the guidelines for the application of the life cycle assessment (LCA) to railway infrastructure projects. The LCA is an objective tool to track the long-term vision

of environmental protection throughout all life stages of infrastructure. Another example of these efforts is the “Ethical and Sustainable Procurement” award received by Rete Ferroviaria Italiana at the third annual Procurement Awards Beyond Saving for having made sustainability an essential and fundamental supplier vetting requirement.

In 2018, the Group also took up the challenge of sustainable mobility in the digital world. The integrated digital platform, Nugo, provides travellers with door-

to-door solutions on collective, shared and integrated mobility systems, simplifying the travel planning process by encouraging a modal shift towards more sustainable modes of transport (trains, buses, car-sharing, etc.).

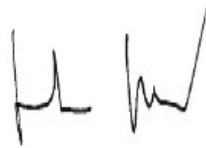
This Sustainability Report is therefore a snapshot of the deep commitment that FS Italiane Group has made to create a mobility plan that combines sound financial management with the wellbeing of people and the protection of the environment.

The Chairman

Gianluigi Vittorio Castelli

**The CEO**

Gianfranco Battisti





02

Introduction



INTRODUCTION

102-1 102-12 102-45 102-46 102-47 102-48 102-49 102-51 102-54 103-1

The information in the 2018 Sustainability Report is compared with the previous two years⁵. Any differences with respect to the information published in previous Sustainability Reports are due to the refinement of the reporting methods. Since 2011, an IT solution (SuPM - Sustainability Performance Management) has been adopted for the data collection process. At present, it comprises 23 operating Group companies.

The companies included in the scope of this report were identified on the basis of the following criteria:

- › materiality: relevance of the mutual impacts (economic, social and environmental) between each company and its main stakeholders;
- › control: the Group's ability to influence activities.

The scope of analysis resulting from the application of the materiality and control criteria are defined on the basis of the scope considered, as follows:

- › Company identity and compliance: Ferrovie dello Stato Italiane and the subsidiaries, as per the consolidated financial statements;
- › Governance: Ferrovie dello Stato Italiane;
- › Financial figures: Ferrovie dello Stato Italiane and the subsidiaries, as per the consolidated financial statements;
- › Customer data: Ferrovie dello Stato Italiane, RFI, Trenitalia and its subsidiaries, Busitalia - Sita Nord and its subsidiaries, Anas, TrainOSE and Netinera group;
- › Security data: train traffic safety; railway infrastructure contracts; and security on core railway assets;
- › Workforce⁶: Ferrovie dello Stato Italiane and the subsidiaries, as per the consolidated financial statements; the information about the breakdowns required by the adopted standards (e.g., turnover, personnel allocation, remuneration, training, etc.) generally refers to a scope that accounts

for approximately 75.4% of the Group's total workforce⁷;

- › Supplier data: the data refer to the external companies with which the Group companies included in the environmental scope have direct dealings.
- › Environmental data: Ferrovie dello Stato Italiane, Ferservizi, RFI, Terminali Italia, Blufferies, Italferr⁸, Trenitalia, Trenitalia c2c, Anas, Mercitalia Shunting & Terminal, TX Logistik, Grandi Stazioni Rail, FS Sistemi Urbani, Gruppo Netinera, Mercitalia Logistics, Mercitalia Rail, Busitalia - Sita Nord, Ataf Gestioni, Qbuzz, Busitalia Veneto, Busitalia Campania, TrainOSE and Ferrovie del Sud Est and Servizi Automobilistici; this scope includes the parent⁹, the companies under its direct control (excluding those that perform financial activities and railway transport certification/inspection activities) and the companies that the parent controls indirectly through its subsidiaries and that have more than 100 employees.

⁵ The Sustainability Report is published annually. The 2017 report was published in July 2018.

⁶ The figures in the chapter "People and their value" refer to the reporting scope of the relevant year.

⁷ The scope includes: FS S.p.A., RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Mercitalia Transport & Services, Cemaf, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer and Nugo. Where specific information refers to a slightly different scope, this is noted in the relevant paragraph.

⁸ The environmental impacts of the work sites where Italferr performs oversight are presented separately from the environmental data. This decision was made in order to filter out the annual changes from the effects related to the environmental performance of the sites, which, given their nature, do not present continuous or regular volumes.

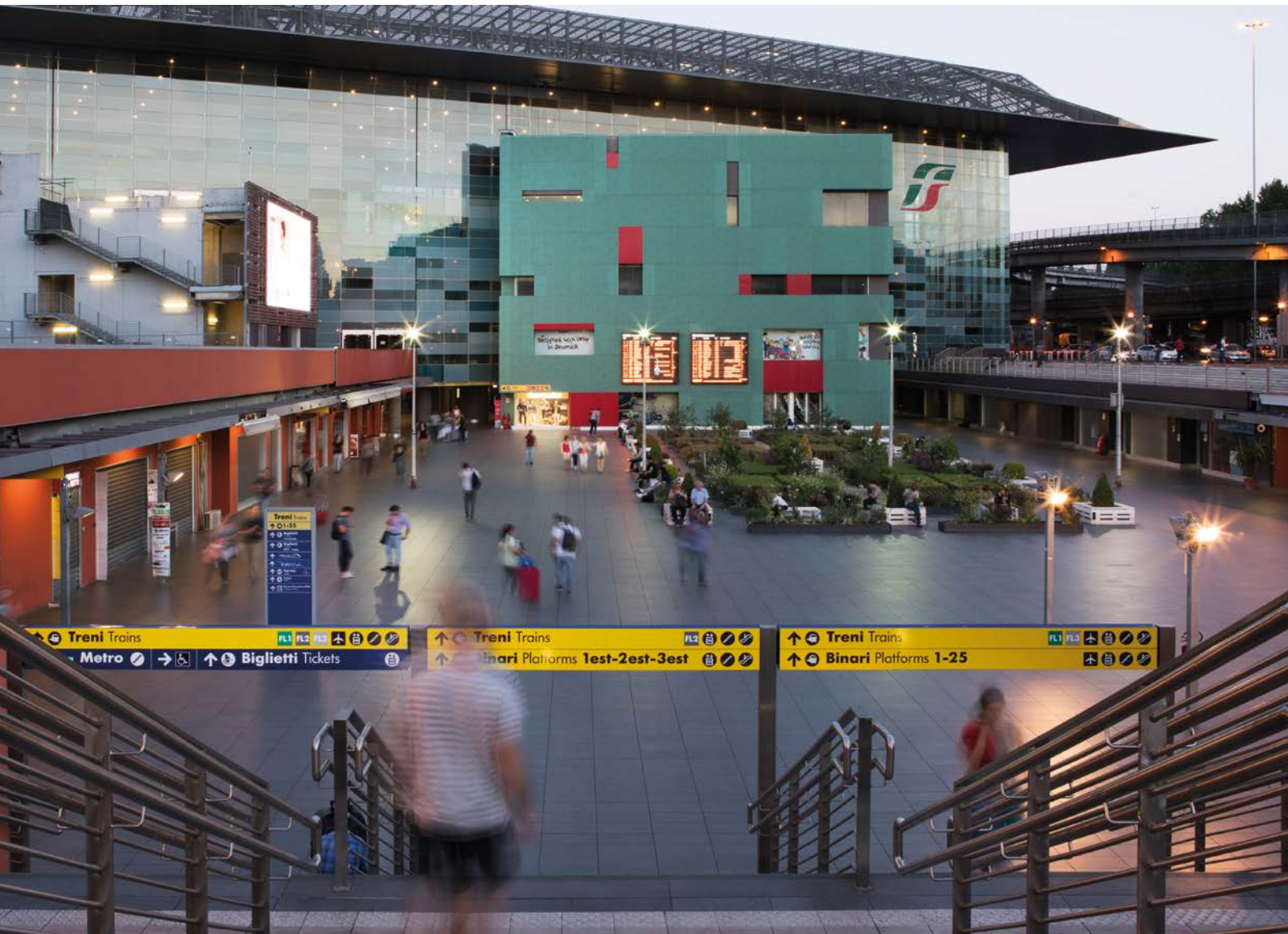
⁹ In this report, the terms parent, FS Italiane or FS S.p.A. are used to identify the company Ferrovie dello Stato Italiane S.p.A., while the terms Group and FS Group refer to all companies included in the scope of reporting.



This report has been prepared in accordance with the “GRI Sustainability Reporting Standards” guidelines issued by the Global Reporting Initiative (GRI) in 2016, using the comprehensive reporting option. The data and information published in this report were provided directly by the department heads or were taken from other official sources¹⁰. Ferrovie dello Stato Italiane S.p.A.’s Board of Directors approved the 2018 Report, together with the Group’s Annual Report, during the meeting held on 26 March 2019. In accordance with Legislative decree no. 254 (the “Decree”), which implements Directive 2014/95/EU, the Annual Report includes the consolidated Non-Financial Disclosure, 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 “Performance indicators” section attached to this report and in the “Content index” (available online in the “Sustainability” section of the website www.fsitaliane.it). Furthermore, the key environmental information for each company included in the reporting scope is provided both online in the aforementioned section and as an attachment to this report (“Company highlights: the environment”).

¹⁰ For additional details, in certain cases, reference should be made to the Group’s 2018 Annual Report.



MATERIALITY MATRIX

The aspects to be reported in this document were identified based on their materiality in accordance with the principles of materiality, stakeholder engagement, complete information, balance, comparability, clarity, timeliness, reliability and accuracy.

The materiality analysis identified those aspects that are most significant for the Group and its stakeholders.

The Group has updated the materiality matrix by using AI tools to analyse external stakeholders (i.e., peers, competitors in the industrial sectors in which the Group operates, social networks, the traditional media and voluntary, applicable regulations) and by interviewing management and examining internal policies and documentation to analyse business priorities.

The most material aspects are described below:

SAFETY



Commitment to the highest level of safety for passengers and the community, which includes reinforcing a risk management and prevention culture

ENERGY, CLIMATE CHANGE AND AIR QUALITY



Combating climate change, reducing emissions, promoting the efficient use of energy resources and renewable sources

SERVICE QUALITY



Focus on delivered and perceived service quality, which includes a customer-centric organisation

EMPLOYEE VALUE



Commitment to the highest level of employee health and safety; promoting the mental and physical wellbeing of employees; talent attraction and retention; merit-based promotions

INTERMODALITY



Encouraging intermodal transport and alternative and collective mobility

CIRCULAR ECONOMY



Responsible use of raw materials, focus on water consumption, waste and preventing soil and water pollution

HUMAN RIGHTS AND A RESPONSIBLE CHAIN



Respect for fundamental human rights, helping to create a responsible chain

PRIVACY AND DATA SECURITY



Maintaining the security of customer data, fighting cybercrime and ensuring network security

ETHICS AND INTEGRITY



Preventing any form of corruption and bribery, ensuring integrity and transparency in business management

INNOVATION AND DIGITALISATION



Promoting innovation, research and development for the continuous improvement of services

03

A ten year journey



A TEN YEAR JOURNEY

2008

- › Publication of the first Sustainability Report (GRI level C)
- › Signing of the European Solidarity Charter

2009

- › Sustainability Report certification (level B+)

2011

- › Implementation of the sustainability performance management process (SAP SuPM) IT platform
- › Sustainability Report certification (GRI level A+)
- › ISO14001 certification for FS S.p.A. environmental management system, including governance processes for its subsidiaries
- › Creation of the service for passengers with reduced mobility for all railway companies in the network ¹
- › Financial statements "Oscar" award ²

2010

- › Creation of "green tickets" to promote awareness about responsible travel choices
- › 1st ISO14064-1 carbon footprint certification for the measurement of greenhouse gas emissions produced by railway infrastructure construction
- › Signing of the UIC (the International Union of Railways) Declaration on Sustainable Mobility & Transport

¹ In 2001, station assistance centres were created, and the first Sala Blu was opened at a station in 2006.

² FERPI award for unlisted companies and large corporations.



2013

- › 1st Group stakeholder panel
- › Fondazione FS is established

2016

- › Creation of a group Sustainability Committee
- › 1st GRI G4 (comprehensive) Sustainability Report

2018

- › 1st stakeholder panel to define long-term objectives
- › 1st GRI Sustainability Report
- › 1st Non-Financial Disclosure
- › Pilot project for the measurement of external impacts (social, environmental and economic impacts)
- › Smartworking rolled out to balance group employees' work/life balance



2015

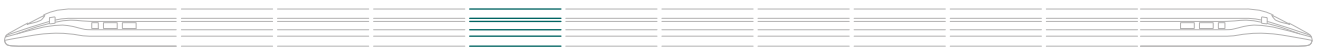
- › FS Italiane Group wins the Best Employer of Choice contest for the first time
- › 1st environmental MbO assigned to middle management of 11 group companies

2017

- › 1st induction of FS S.p.A.'s Board of Directors and Sustainability Committee
- › 1st green bond issue
- › Main Italian subsidiaries complete the ISO14001 certification process
- › Inclusion of a corporate social responsibility (CSR) assessment in tenders for the assessment of suppliers' sustainability
- › The Group joined the UN's Global Compact network

04

2018 in brief



2018 IN BRIEF

102-7

RESULTS OF OPERATIONS

Profit for the year	€ million	559
Directly generated economic value	€ million	12,202
Economic value distributed	€ million	9,883
Investments	€ million	7,485

PASSENGER AND FREIGHT TRAFFIC

Rail traffic - passengers		
- passenger-km	billion	45.6
- train-km	million	307.4
Rail traffic - freight ¹¹		
- Tonne-km	billion	21.3
- train-km	million	41.7
Road traffic - passengers		
- passenger-km ¹²	billion	2.4
- bus-km	million	192.4

¹¹ Includes foreign traffic

¹² Passenger-km do not include the traffic volumes of the subsidiary Qbuzz not recorded by the company

INNOVATION TO THE BENEFIT OF STAKEHOLDERS

Stakeholders	no.	over 200
Progress of Stakeholder Panel proposals (since 2013)	no.	85
- Proposals implemented	no.	63
- Proposals being implemented	no.	11
- Rejected proposals	no.	11

ENVIRONMENTAL PROTECTION

Energy - total group energy consumption	GJ million	29.5
Emissions - Total greenhouse gas emissions	tCO ₂ million	2.5
Water consumption	million m ³	20
Waste produced	thousand t	332
- special waste sent for recycling	%	95
ISO14001-certified companies	no.	16

TRAVEL

Service quality - Punctuality

Railway passenger transport		
- Long-haul transport	0-15 minutes	95.7%
- Regional transport	0-5 minutes	97.6%

Customer satisfaction

Railway passenger transport (overall journey)

- Long-haul transport	Satisfaction %	92.5
- Regional transport	Satisfaction %	84.5

Service quality - Punctuality

Road passenger transport

- Urban transport	0-5 minutes	86.4%
- Suburban transport	0-15 minutes	87.5%

Customer satisfaction

Road passenger transport (overall score)

- Urban transport	Satisfaction rate	86.3
- Suburban transport	Satisfaction rate	84.9

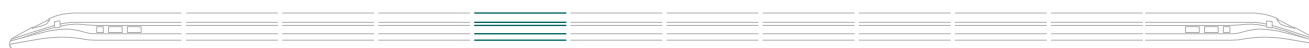
Infrastructure

- Comfort during time at stations (overall perceived quality of the station)	Satisfaction rate	96.6
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Travel safety

Investments in safety (safety, technologies and maintaining efficiency)

- Infrastructure	€ million	3,013
- Transport	€ million	407



SUSTAINABLE SUPPLY CHAIN

Economic value of core supplies	€ billion	5
- generated in Italy	%	84

PEOPLE AND THEIR VALUE

Total personnel	no.	82,944
- women	%	16.6
- men	%	83.4
Training	man/days (thousands)	573.4

SUPPORT TO THE COMMUNITY

Re-use of assets

Total surface area under free loan for use	square metres	138,700
- for social activities	square metres	20,700
- other real estate	square metres	118,000
Average market value	€ million	over 200

FONDAZIONE FS ITALIANE

Value of assets	€ million	10.1
Value for local communities (2014-2018)	€ million	18.2

05

Business model





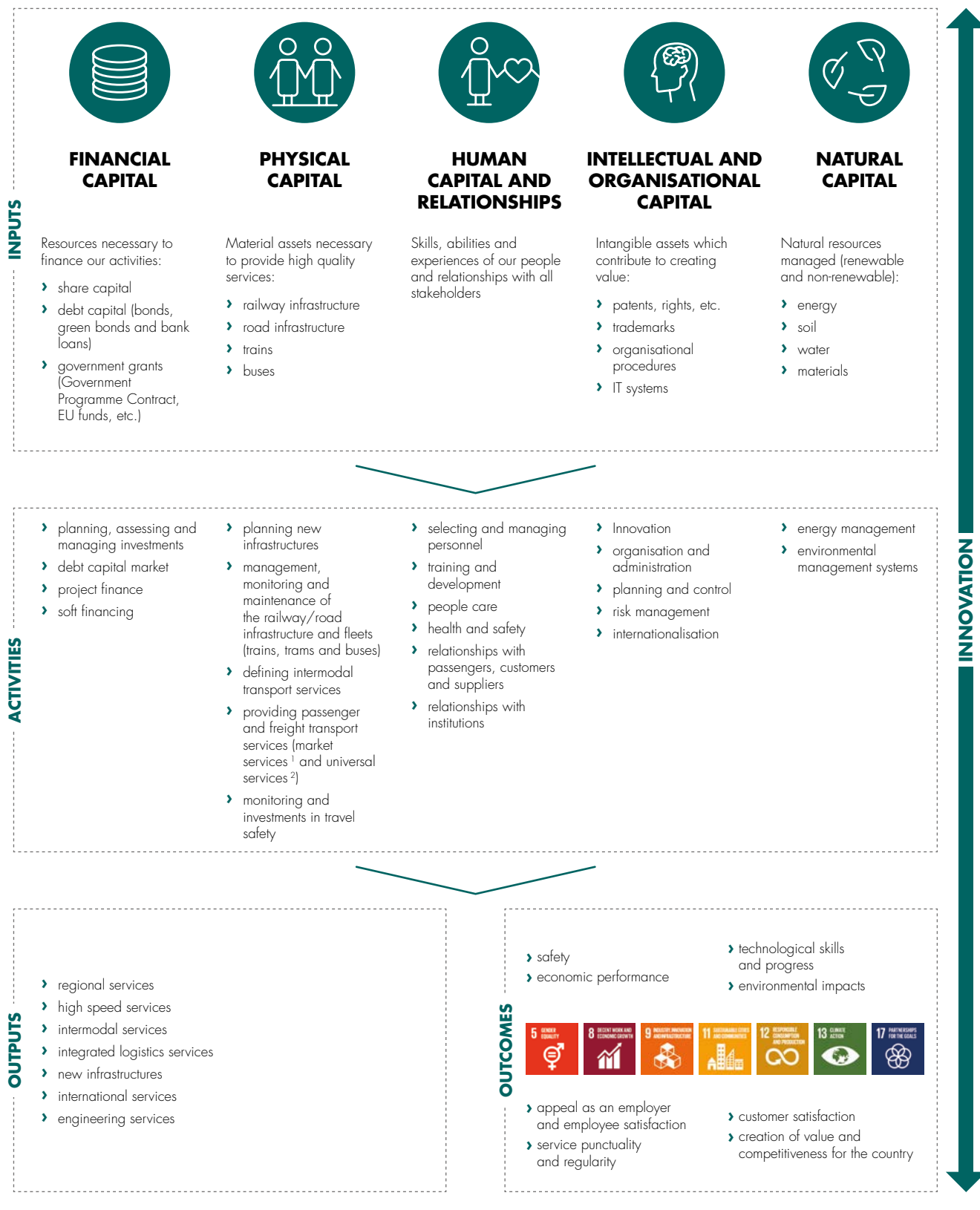
BUSINESS MODEL

The purpose of our business model is to develop different types of capital (financial, physical, human, intellectual and natural capital) ¹³ 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.

¹³ According to the IIRC (International Integrated Reporting Council) framework.

BUSINESS MODEL



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

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

Ferrovie dello Stato Italiane Group, active in Italy and abroad, carries out and manages works and services in passenger and freight railway transport and road transport. As required by the organisational model, which reflects the by-laws, activities are mainly, though not exclusively, carried out through investees¹⁴.



*FS S.p.A. also contributes to segment results to the extent of real estate management activities. In addition to providing support/consultancy services to group companies, this company also develops/sells land and buildings.

¹⁴The map of Ferrovie dello Stato Italiane's operating segments and equity investments was updated in February 2019. The chart shows the parent's direct subsidiaries consolidated on a line-by-line basis and FS S.p.A. itself.

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.

TRANSPORT



The Group companies active in **passenger and/or freight transport by rail, road or sea** 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 long haul transport, above all high speed Freccie trains.

The segment results also include Netinera group, which operates in rail and road transport on the German local public service space and metropolitan market with roughly 40 investees; TrainOSE SA, which operates in Greece between Athens and Thessaloniki; c2c Ltd, which provides passenger transport in the UK; and FSE S.r.l., the concession holder for rail and road services in Puglia.

The companies which mainly provide **freight transport** form the Mercitalia Group, operating nationally and internationally, and TX Logistik group, mainly in Germany, Austria, Switzerland and Denmark.

The transport segment also includes the urban and suburban **road mobility transport services** provided by Busitalia-Sita Nord S.r.l. and its investees¹⁵, in addition to 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.¹⁶, 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. 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).



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



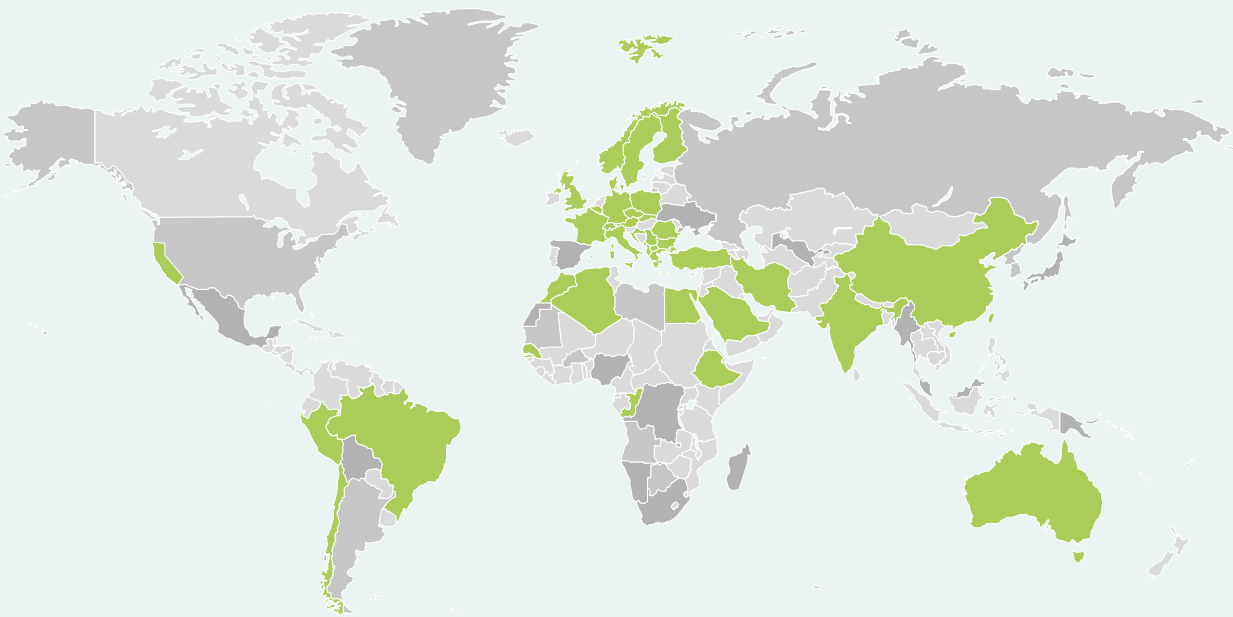
Ferrovie dello Stato Italiane S.p.A. operates in the other services segment as the Group's holding company and **establishes and coordinates the operating companies' policies and business strategies** that are not part of the above-mentioned real estate management. The other companies that operate in 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, and Italcertifer S.p.A., which certifies, evaluates and tests transport and infrastructure systems.

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

¹⁵ Busitalia Sita Nord is also active in the Utrecht and Groningen - Drenthe area through QBuzz, Holland's third largest local public transport operator.

¹⁶ With the merger deed dated 16 July 2018, Centostazioni S.p.A., responsible for redeveloping and managing the commercial spaces at 103 medium-size stations, merged into Rete Ferroviaria Italiana S.p.A.

We export made-in-Italy quality to over 60 countries



FS Italiane Group continuously operates on foreign markets through its subsidiaries, developing, across five continents, projects for high speed and traditional lines, transport master plans, feasibility studies, preliminary and executive plans, work supervision and testing.





STRATEGIES

102-14 102-15

FS Italiane Group has prepared new strategic guidelines to **set medium/long-term targets for 2019-2023**. These strategies revolve around three challenges:

- › focusing on people;
- › connecting the country;
- › increasing the value of equity.

Focusing on people

DELIVERING A SERVICE THAT MEETS THE SPECIFIC NEEDS OF PEOPLE

prioritising people who use public transport every day and devoting particular attention to **safety, assistance, accessibility, punctuality, reliability and intermodality**. Improving customer care by providing **new services and new vehicles** and exploiting the opportunities that digitalization offers.

Connecting the country

CONTRIBUTING TO THE COUNTRY'S DEVELOPMENT BY IMPROVING THE CONNECTIVITY AND SUSTAINABILITY OF THE TRANSPORT

while creating value for the Group. Promoting initiatives that **bring to fruition a modal shift towards collective railway transport**. Helping **restore Italy's leadership on the tourism market** nationally and internationally.

Increasing the value of equity

MAKING THE MOST OF THE GROUP'S DISTINCTIVE SKILLS AND ASSETS

with a specific focus on targeted measures that encourage the **creation of expertise and business hubs**, the revision of processes to boost efficiency, the **use of the Group's unique know-how on new markets**, the **development of the Group's real estate assets**, including for urban regeneration, and the spread of a culture that embraces meritocracy, diversity and inclusion.



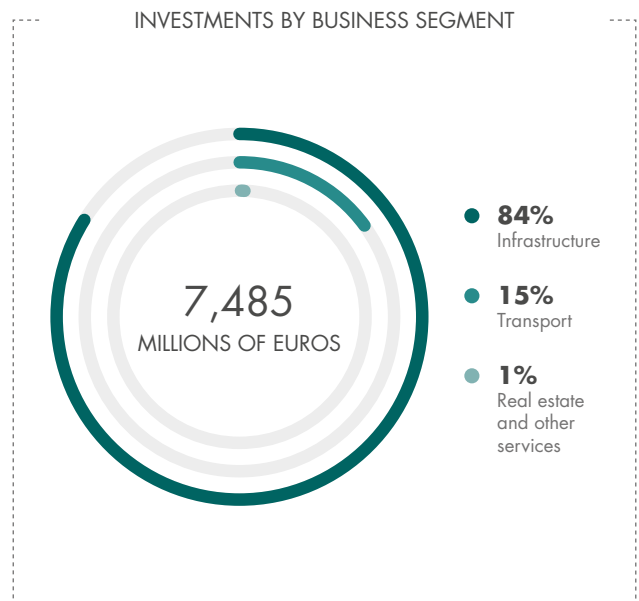
WE CONTRIBUTE TO THE GROWTH OF THE COUNTRIES IN WHICH WE WORK

203-1 203-2

Despite Italy's macroeconomic slowdown and lower investment spending, particularly for "plant, machinery and vehicles", FS Italiane Group has managed to follow through with its Investment Plan, continuing to report growing investments in 2018. In this way, it remains Italy's largest investor in the development and updating of the transport, infrastructure and logistics sector, bolstered by the inclusion of Anas and its investees in FS Italiane Group.

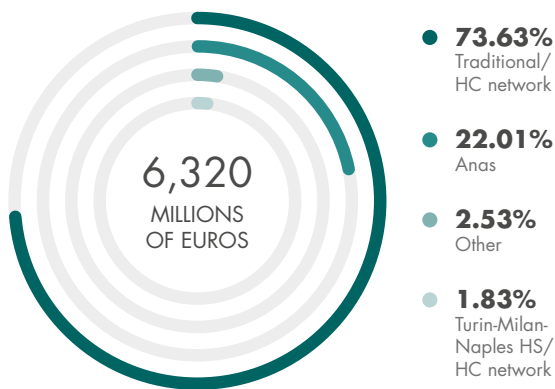
FS Italiane Group's capital expenditure¹⁷ in 2018 totalled €7,485 million, up 33% on 2017, especially due to investments in roadway and railway infrastructure, following the consolidation of the Anas group companies (which brought approximately €1.4 billion) and the increase in RFI's spending for safety, technologies and large works. FS Italiane Group directed 98% of its investments towards projects in Italy, while only 2% was invested by companies operating abroad.

Investments are analysed below by segment.



¹⁷ 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).

DETAIL OF INVESTMENTS IN INFRASTRUCTURE

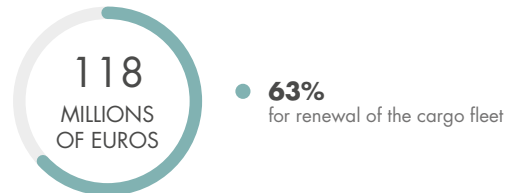
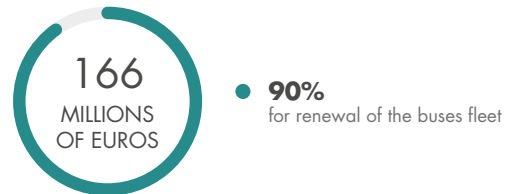
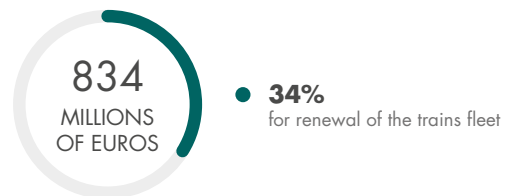
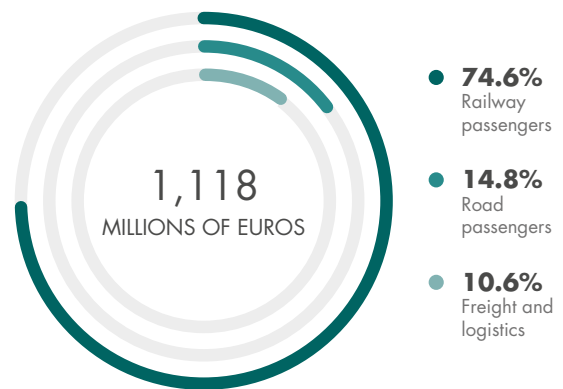


Approximately 48% of investments in the Infrastructure segment were earmarked for safety, technologies and maintaining efficiency (including €490 million to apply avant-garde technologies to the railway network), while the other half (roughly 47%) went towards new works (roads and rails).

In the Transport segment, the updating of the railway passenger and freight fleet and the road transport fleet absorbed around 45% of investments¹⁸.

In 2018, FS Italiane Group invested €27.2 million¹⁹ in development, approximately 80% of which in train traffic safety technologies, 15% to research and test new components and systems and the remaining 5% for other applications.

DETAIL OF INVESTMENTS IN TRANSPORT

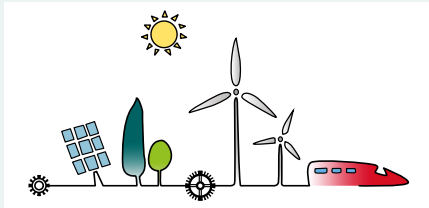


¹⁸ The updating of railway passenger and freight and logistics vehicles included the purchase and revamping of rolling stock.

¹⁹ These investments are included in the infrastructure segment investments.



Green Bond



In December 2018, FS Italiane presented the first Green Bond Report¹ to institutional investors. In accordance with the green bond principles issued by the International Capital Market Association (ICMA), the report includes the Group's sustainability performance highlights.

The results achieved with the allocation of all proceeds from the first FS Italiane green bond, the market's first and only green issue by a railway operator for the purchase of new trains.

The green bond was very well received by institutional investors, particularly abroad, where approximately 60% was placed, with a coupon of 0.875%, FS Italiane's lowest ever for a public bond on the capital market.

The purpose of the Green Bond Report is to describe the quality and quantity of FS Italiane's investments financed with the green bond and the positive impact of these investments in terms of environmental sustainability.

The reported results highlight considerable energy savings and a significant reduction in CO₂ emissions thanks to the new trains. The environmental performance indicators are calculated using the comparative method with comparable trains.

As required by the reporting principles, the report was audited by an independent party.

¹ The Green Bond Report is available for download at: <https://www.fsitaliane.it/content/fsitaliane/en/investor-relations/debt-and-credit-rating/green-bond.html>





Innovation to the benefit of stakeholders



INNOVATION TO THE BENEFIT OF STAKEHOLDERS

Continuous innovation (in activities, processes, technologies, etc.) is a strategic driver for the Group’s strengthening of leadership positions in its operating segments and enables it to offer increasingly higher quality services tailored to people’s specific needs. Innovation covers every link in the Group’s value chain, from design, to construction and maintenance and, finally, delivery of safe, integrated transport services customised for people and business customers.

The pillars of the innovation plan are:



DIGITALISED DESIGN, OPERATION AND MAINTENANCE

Rolling stock and the network will be smart and integrated thanks to IoT devices. With the support of AI and machine learning, they will be able to self-diagnose.



MOBILITY AS SERVICE

Every journey will be part of a seamless smart system that integrates all modes of transport. The concept of journey planning will be overcome.



ON-DEMAND LOGISTICS

Logistics infrastructure will be a physical internet in which freight transport units are flexible, interchangeable and multi-purpose.



A DATA-DRIVEN BUSINESS

Big-data models will open the door to new, optimised and predictive services, overcoming the obstacles of planning timetables and traffic flows.



ENERGY AND CONSUMPTION

A zero-waste approach aimed at adapting to climate change by embracing technologies that reduce emissions and energy consumption.



SMART TRAINS

Smart trains will move autonomously thanks to a decentralised command and control system and signalling systems, with a dynamic timetable.



THE GRAVITATIONAL ATTRACTION OF STATIONS

Stations will become the heart of tomorrow's smart cities, as their accessible, multi-modal design makes them multi-service hubs for citizens.



RAPID AND RELIABLE RESEARCH

Relationships with prestigious research centres, universities and incubators will lead to involvement and revolutionary partnerships that drive continuous technological sharing.



The Group is implementing various projects for each of these pillars:



USER EXPERIENCE

Digitalisation targets provide for the complete re-engineering of contact points with customers, starting with digital channels like the Trenitalia app.

2018 saw the launch of Nugo, Ferrovie dello Stato Group's new integrated mobility app. Wherever you are, Nugo suggests the best travel solutions to meet your needs, considering all types of local transport, and lets you buy all the tickets for your journey at once in a single transaction. A genuine travel companion and journey planner, Nugo is a travel guide at your side for the entire journey, providing assistance and up-to-date information on intermodal connections, delays, alternative options and/or different carriers.



AN INTERMODAL GREENHUB

The purpose of the GreenHub project is to create well-designed, zero-environmental impact multi-functional areas inside and nearby railway stations to improve the user experience without impacting the environment.

The project hinges on the installation of Dynamos, repeating geometrical elements of varying sizes that generate energy from multiple renewable sources.

The integration of dynamos with other high-tech systems makes it possible to offer users smart services, making the entire surrounding area a benchmark for travellers, setting the bar for technology, sustainability and aesthetics.



GREEN TRAINS

Hydrogen trains can be used on lines that are still operated using diesel trains and could prove to be a valid alternative in the future, to be evaluated on a case-by-case basis.

In addition, the Group has kicked off a partnership with Terna to build solar power systems that will power electric trains from renewable energy sources. Called Green Power for Rail, this consists of the construction of solar power systems with a total maximum target capacity of 200 MW.

Another way in which the Group is committed to reducing its environmental impact is the study of how to recover energy during braking.



THE GROUP'S COMMITMENT TO RESEARCH

The Group is committed to national and international research and innovation projects worth more than €84.1 million planned for the next five years. They are between 25% and 100% financed according to the specific financing tool and/or plan, with over €38.9 million received from institutions.

99% of the Group's commitment is directed towards European projects, H2020, Shift2Rail, INEA's CEF (Connecting Europe Facility), European Space Agency (ESA) and the UK rail industry's Enabling Innovation Team, with the transformation of resources into concrete results in terms of expertise and the capacity to generate value for the entire sector and community.

The Group companies are involved in 16 international research projects financed by national and international institutions that either are in progress or planned.



ARTIFICIAL INTELLIGENCE ON BOARD

AI projects include Vision and robotic systems to improve on-condition maintenance, designed by researchers from the Sant'Anna University in Pisa, to create a new system that gathers and processes information on the condition of rolling stock. This system, consisting of hybrid robotic architecture, cameras and lasers, can take a 3D x-ray of a train while it passes through a specially equipped portal to see if there are problems and immediately intervene.

Also in collaboration with the Sant'Anna University, the Wireless sensor monitoring project entails the use of wireless sensors and technologies in railway operations.

The Intelligent Train project provides for the implementation of a smart system that will gather data on on-board train systems in real time and process the data to assist operating crew in the decision chain.



SAFER, DATA-RESPONSIVE INFRASTRUCTURE

Increasingly, partly due to climate change, catastrophic natural events put Italy's infrastructure to the test. The Group has started developing a weather alert analysis system to calculate the probability of landslides near railway lines due to intense weather events in connection with the weather alerts issued by the civil protection department.

Another highly innovative project is the development of an earthquake early warning system to actively mitigate the risk of derailment in an earthquake.



DIGITALISATION AND PREDICTIVE MAINTENANCE

Predictive maintenance on railway lines makes it possible to identify potential irregularities in infrastructural components and aerial and rail lines, so immediate action may be taken to prevent or limit any malfunctioning.

In this field, the Group has projects like the dynamic maintenance management system (DMMS), which is installed on-board trains and integrated by remote diagnostics systems to continuously monitor trains as they operate, optimising maintenance times, directing repairs where they are needed and improving the management of rolling stock. These functions enable predictive maintenance mechanisms based on specific algorithms.



ON-DEMAND LOGISTICS

On-demand logistics require more flexibility and adaptability of the units equipped for freight transport. The Group has launched several different projects to create systems that support the optimisation of intermodal transport units (ITUs) loading and operations in connection with ITU loading.

Specifically, in one project, when the train is being loaded, a simulation system recommends solutions that optimise load profitability (in compliance with transport railway safety standards) and facilitate the decision-making process for production units, thereby minimising re-processing and inefficiencies.

In addition, by weighing loads in real time using sensors installed on the lifting equipment (overhead and self-propelled cranes), a processing system connected to the terminal operating systems via 5G link, weighs the ITU in real time and cross-checks its weight with the declared weight when the unit was accepted. The Group also plans to test blockchain allocations in customs operations in this field as well.

The Group also believes that the involvement and hiring of people at all levels can drive innovation. This is why it created the "Innovate" corporate entrepreneurship project in 2018.

Innovate



Innovate is programme that generates and gathers ideas from the bottom up, to drive engagement and participation by the Group's top resources, ultimately generating value.

It began on 22 May 2018 with the launch of the following activities:

- › Call4Ideas, in which over 900 Group employees proposed 1,081 ideas;
- › Call4Contributor, in which 662 people applied to be operating supporters for the development of ideas as contributors.

The Innovate Project Team screened the 1,081 ideas before they were submitted for approval by the network of Ferrovie dello Stato Group judges (directors and managers of the group companies), who selected 20 ideas to be admitted to Boot Camp, a two-day event in which the ideas were transformed into project concepts with the assistance of innovative Italian start-ups.

Over 300 people participated in the Boot Camp, including the employees selected in the Call4Ideas, contributors, senior management and special guests from outside the Group. A qualified panel of internal and external experts picked the top ten concepts, which took part in a ten-week in-house acceleration programme. The project ended in December 2018 with an awards ceremony for the top three projects, during which the participants in the accelerator were able to show their results before a panel made up of senior management. The titles and objectives of the top three projects were:

- › **S4R**, to increase train safety by continuously monitoring the status of rolling stock and the infrastructure. A sensor to be applied directly on-board trains was designed to improve the ability to detect irregularities like diversions and twisting and to immediately detect the need for maintenance on the network and trains.
- › **Seat surfing**, to expand the train load factor, enabling passengers to book their seats on a revolving basis. This solution assigns seats that change during the course of a journey, thereby allowing passengers to buy tickets on trains that would otherwise be considered full, although different seats are available for sections of the journey.
- › **Tresure co-island**, to redevelop the Group's idle or underused assets by creating co-working spaces with innovative layouts. This project consists of transforming idle or underused real estate assets into modular co-working spaces that meet the new requirements of the modern business world.

innovate



07

Transparency and business responsibility



TRANSPARENCY AND BUSINESS RESPONSIBILITY

Transparency and responsibility are the deep convictions guiding the conduct of the Group's people. They are the values that inspire our daily work so we continue to grow and increasingly contribute to the development and wellbeing of the places where we operate.

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.





CORPORATE GOVERNANCE

102-5 102-14 102-18 102-19 102-22 102-24 102-25 102-26 102-28 102-29 405-1

The corporate governance structure of FS S.p.A. and its main subsidiaries is organised according to the traditional system: the shareholder appoints a Board of Directors (the parent's BoD 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 auditors, responsible for performing the statutory audit²⁰. Pursuant to article 12 of Law no. 259/1958, the Court of Auditors' Magistrate appointed to audit FS 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 Chairwoman, 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 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; and (v) appoints the Managing Director.

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

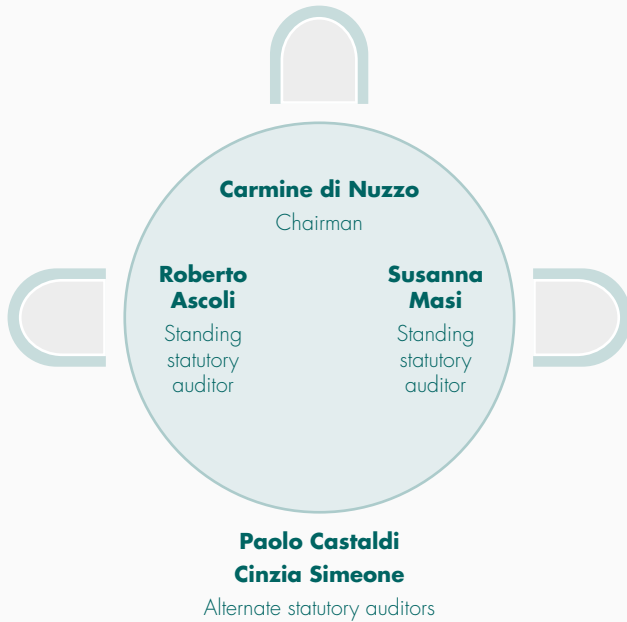
Additional information is given in the Group's 2018 Annual Report (Directors' report, Report on corporate governance and ownership structure).

²⁰ 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 S.p.A. became an "entity of public interest" by issuing the listed bond in 2013, the engagement lasts for nine years (2014-2022).



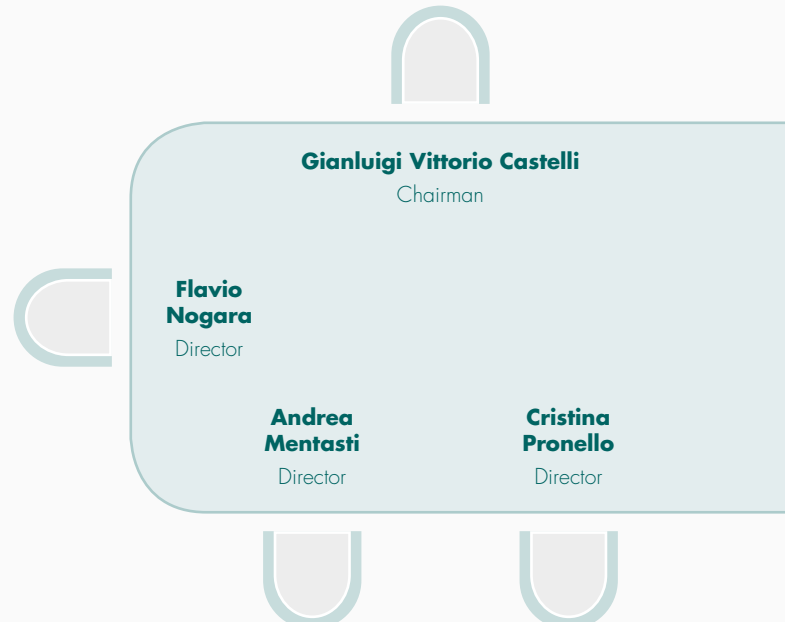
Board of statutory auditors

The board of statutory auditors systematically monitors that the corporate governance principles are applied and oversees compliance with the law, the by-laws and the principles of correct administration.



Board of Directors

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



INDEPENDENT AUDITORS

KPMG SpA

COURT OF AUDITORS' MAGISTRATE

Angelo Canale

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.

Antitrust Compliance

It defines the guidelines and steers the objectives and developments of the "FS Italiane Group antitrust compliance plan", in accordance with the proposals submitted by a specific technical panel. The committee is routinely informed on the status of FS Italiane Group companies' application of antitrust and unfair business practice regulations, the progress of any pending proceedings and regulatory developments in the sector. It also reports regularly, via the CEO and General Manager, to Ferrovie dello Stato Italiane S.p.A.'s BoD.

Ethics

This committee carries out advisory activities and sets guidelines within the framework of the principles and rules of 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.

IT Systems and Information Security Committee

It steers 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.

Foreign initiatives

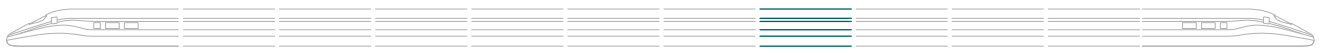
This committee guarantees strategic oversight of development initiatives in the Group's interests abroad.

Implementation of the Fourth Railway Package

Considering the significant impact of the European delegated law for 2016-2017 on group operations, this committee is responsible for conducting a detailed assessment of the new legislation and its effects on group activities, monitoring the development of the implementation of directors in other EU member states and coordinating the preparation of FS Italiane Group's positions with respect to the adoption of legislative texts implemented in Italy.

Sustainability

The sustainability committee guarantees the integration of social and environmental aspects into economic-financial strategies and promotes the values and principles of sustainable development, in line with stakeholders' needs and expectations.



Shareholders' meeting

Attended by the sole shareholder, the Ministry of the Economy and Finance

231 Supervisory Body

Carlo Piergallini
Chairman

Gianfranco Cariola
Gustavo Olivieri

Manager in charge of financial reporting

Roberto Mannozi

Gianfranco Battisti
CEO and Managing Director

Federica Moraci
Director

Vanda Ternau
Director

Marcello Torregrossa
BoD Secretary



MANAGEMENT

Institutional and Regulatory Affairs	FS International
Administration, Financial Statements, Tax and Control	Company Security
Audit	Human Resources and Organisation
The media	Strategies, Planning and Sustainability
External Affairs	General Counsel, Corporate Affairs and Compliance
Finance, Investor Relations and Assets	Chief Risk Officer
Innovation and IT Systems	

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 S.p.A., the co-opting of FS S.p.A.'s Directors, remuneration and incentive system guidelines and criteria and the remuneration of FS 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.

Investments

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

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 Manager, the Supervisory Body and other control bodies.

Legal assistance

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.

Legend

COMMITTEES

Other committees



BUSINESS ETHICS

102-11

102-12

102-14

102-15

102-18

102-22

102-25

102-30

103-2

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205-2

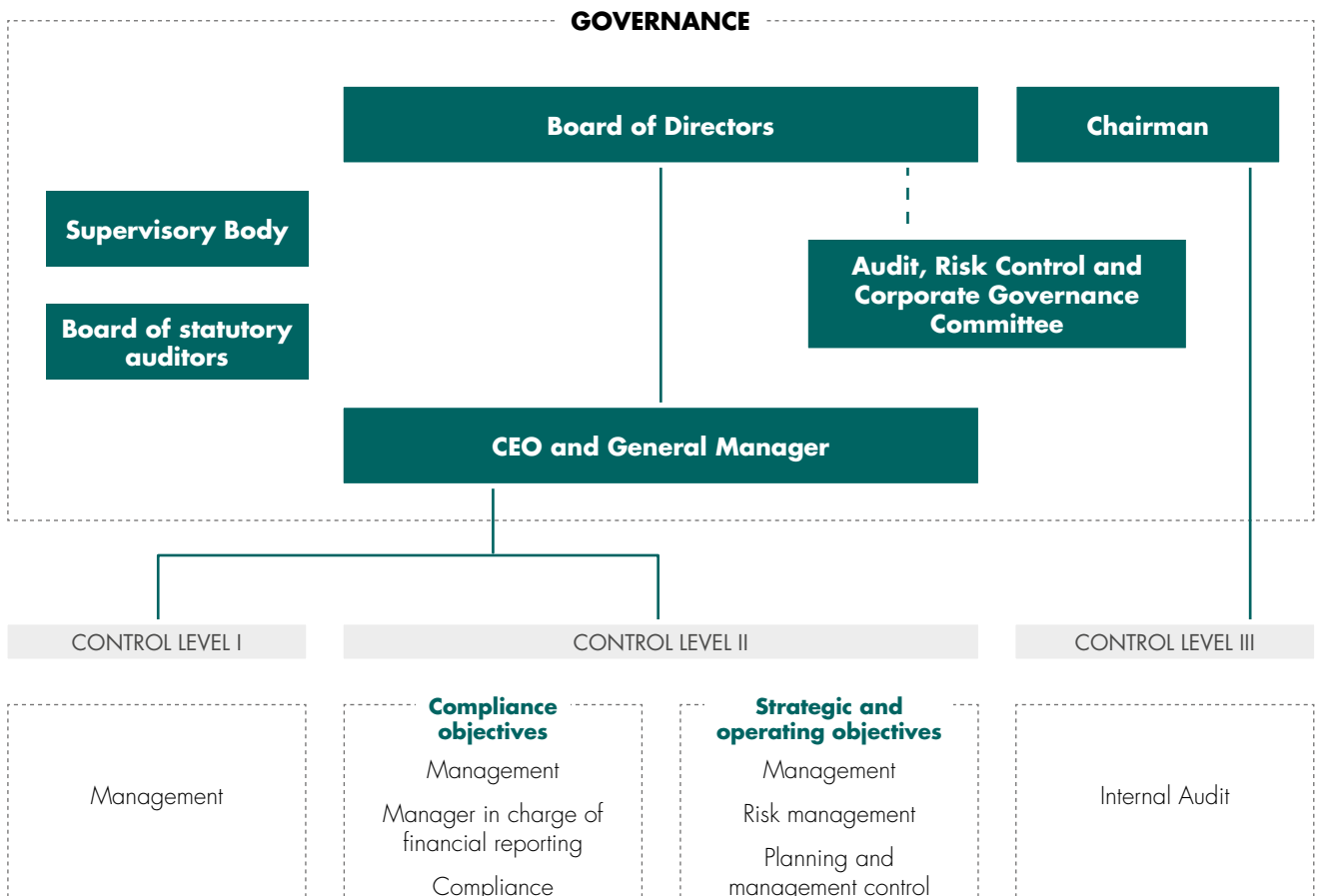
205-3

We believe in the importance of fostering a culture of integrity, internal control and risk management, as they are crucial factors for knowledgeable decisions and sustainable business. In the pursuit of these objectives, the Group has defined best practices through a concrete system of rules, tools, activities and procedures and organisational structures, aimed at guaranteeing business integrity.

THE INTERNAL CONTROL AND RISK MANAGEMENT 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 S.p.A. uses the internationally renowned Internal Control Integrated Framework (the "CoSO Report") 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, working at all levels of the organisational structure, is responsible for defining and conducting these controls, and they are considered part of continuing operations.
- › **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:

The manager in charge of FS 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.

To this end, the manager in charge of FS S.p.A.'s financial reporting defines and updates the Group's financial reporting 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 S.p.A.'s financial reporting defines the Group's annual business plan and monitors its compliance with Law no. 262/2005. The 262 process, implementing this Model, consists of the following annual stages: definition of in-scope companies and processes, mapping of risk and control processes and 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, finally, attestations.



Compliance

The compliance structure monitors the national and international legislation and best practices with which the company and group rules must conform, ensuring and providing information about the correct legal basis of initiatives and guidelines followed by FS S.p.A. to the relevant departments. Furthermore, the structure also ensures the assessment of legal risks and opportunities following the introduction of new legal and regulatory requirements, 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.

Risk Management

The 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 risk management 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 management, 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 and Systems Department (CSPSD), 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 (CAFSTCD), 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 unit provides for:

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

consolidated on a line-by-line basis. Considering their characteristics and respective risk profiles and the guidelines established by FS 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 departments report to the Chairperson of the Board of Directors, CEO and Audit Committee (where applicable).

The internal audit departments provided operational support to the supervisory bodies of their respective companies in the performance of supervisory activities.

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 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 proposing updates to the models.














The aforementioned group measure requires the supervisory bodies to be set up as boards with a chairperson from outside the company with extensive, 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.

Management systems

Ferrovie dello Stato Italiane and the main Group companies remain committed to implementing, certifying and maintaining their management systems for the ongoing improvement of the Group's performance²¹, using these tools to strengthen the environmental and occupational health and safety components of the internal control and risk management system.

²¹ 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.



	Quality	The environment	Occupational health and safety
 FERROVIE ITALIANE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
 RFI RETE FERROVIARIA ITALIANA GRUPPO FERROVIE DELLO STATO ITALIANE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 TRENITALIA GRUPPO FERROVIE DELLO STATO ITALIANE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 ITALFERR GRUPPO FERROVIE DELLO STATO ITALIANE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 NETINERA EIN UNTERNEHMEN DER FS-GRUPPE	<input checked="" type="checkbox"/>		
 BUSITALIA GRUPPO FERROVIE DELLO STATO ITALIANE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 FERSERVIZI GRUPPO FERROVIE DELLO STATO ITALIANE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 MERCITALIA LOGISTICS GRUPPO FERROVIE DELLO STATO ITALIANE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 SISTEMI URBANI GRUPPO FERROVIE DELLO STATO ITALIANE		<input checked="" type="checkbox"/>	
 GrandiStazioni GRUPPO FERROVIE DELLO STATO ITALIANE		<input checked="" type="checkbox"/>	
 FERROVIE DEL SUD EST GRUPPO FERROVIE DELLO STATO ITALIANE	<input checked="" type="checkbox"/>		
 anas GRUPPO FS ITALIANE	<input checked="" type="checkbox"/>		
 TRAINOSE A COMPANY OF THE FSI GROUP	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

ANTI-CORRUPTION

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 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 and corruption (ABC) management system for acts of corruption "in a broad sense", i.e., including maladministration. This system has been set up in accordance with the anti-corruption policy guidelines which also constitute an integral part of the framework and which contain the directive criteria for the creation of an effective anti-corruption system within FS S.p.A.. The anti-bribery and corruption unit collaborates with other parties involved in the model to monitor the ABC system and the implementation and enforcement of the measures set out therein, proposes updates to the ABC system as part of the ongoing improvement process, supports the process owners in the identification of risks and in defining the relevant prevention measures, collaborates with management to promote initiatives for training and communication on anti-corruption and the framework.

In the first year of application (2018), the ABC system focused on the analysis of at-risk events during 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.

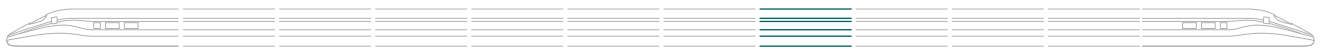
The ABC system identifies a set of specific risk prevention tools (standards of conduct and indicators of possible irregularities) for each risk process considered.

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.

Updating the 231 Model

FS S.p.A. launched a **project to revise and update its organisational and management model** pursuant to Legislative decree no. 231/2001, including:

- › **a risk assessment:** mapping of potential risks, with a specific focus on corruption crimes, **involving and interviewing 46 process owners during 25 sessions;**
- › **gap analysis:** check of existing procedures and control safeguards;
- › **implementation plan:** strengthen the internal control system by assessing the integration of the 231 Model with the ABC management system.



In addition, the preparation of a procedure for the management of reports is in the final stages. The procedure governs the receipt, analysis and handling of reports sent or forwarded by anyone about illegal or irregular events and conduct in violation of the law or internal regulations, including the Organisational, management and control model pursuant to Legislative decree no. 231/2001, the ABC system or the Group's code of ethics, with respect to the operations and organisation of FS S.p.A. and/or its subsidiaries. The Group's code of ethics, updated in February 2018, offers addressees the chance to send questions, doubts and requests for clarification to the relevant company's Ethics Committee by e-mail, post and other means made available by the company. During the year, FS S.p.A.'s Ethics Committee managed a total of 63 reports of alleged abuses/violations of the company regulations and code of ethics, 36 of which were received in 2018 and 27 in previous years. The reports are subject to documentary investigations by the competent company structures, after which corrective actions are taken where necessary.

Awareness, communication and training about anti-corruption policies and the model pursuant to Legislative decree no. 231/01

Knowledge of the rules in place to govern company conduct and spread a culture of integrity are indispensable for the knowledgeable application of corruption prevention regulations. Raising awareness, communication and training are therefore fundamental to spreading a culture of integrity.

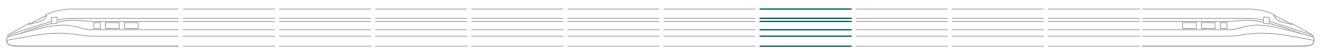
In this respect, by implementing the directive criteria of the anti-corruption policy guidelines, the ABC system requires management accountability, a culture of risk prevention and ongoing training and communication, among other important elements.

In 2018, FS S.p.A. designed and started a specific training and communication plan with the involvement of, *inter alia*, senior management and the primary aim of sharing the reasoning, purposes and main tools of the ABC system to make its addressees accountable, raise awareness of risk management and possible prevention measures and inform the Group companies about the parent's steering and coordination activities.

Over 1,470 man/days of training/awareness courses were provided on anti-corruption policies and procedures at group level in 2018. The e-learning about Legislative decree no. 231/2001, which began in 2017 for all FS S.p.A. personnel, continued in 2018, focusing on the administrative liability of entities pursuant to Legislative decree no. 231/01.

Additional information regarding transparency and business responsibility is given in the Group's 2018 Annual Report (Directors' report, Report on corporate governance and ownership structure).





PROMOTING HUMAN RIGHTS

The Group is committed to ensuring respect for human rights, operating within the framework of the UN's Universal Declaration of Human Rights and contributing to the creation of a responsible chain in its relationships with suppliers and business partners. Furthermore, the Group rejects any form of illegal labour and endorses policies for workers' psychological and physical wellbeing.

In line with the above, in August 2017, the Group joined the UN's Global Compact ("GC") network, undertaking to comply with the ten human rights, labour, environmental and anti-corruption principles and include them in its business. These principles integrate and reinforce the Group principles previously established in the Group's code of ethics (which guides the Group in relationships with stakeholders), the 231 model and the anti-corruption policy and anti-bribery and corruption management system guidelines".

In particular, with respect to human rights, by signing the Global Compact, the Group has formally undertaken to:

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

As a member of the UIC, the Group also signed the UIC Declaration on Sustainable Mobility and Transport in 2011, committing to promoting responsible behaviour in line with the GC's ten principles.

The Group maintains its commitment to prevent any type of human rights violation through:

- › the use of standard clauses about respect for human rights included in contracts with all group suppliers, having suppliers sign the Group's code of ethics and introducing a sustainability criterion in the supplier qualification process²².
- › Promoting the improvement of supply chain management by joining Railsponsible round tables,

an initiative that brings together major railway companies.

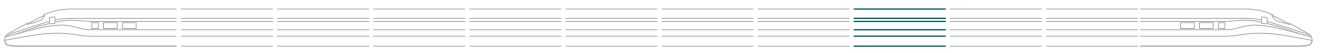
- › Protecting the rights of passengers with disabilities or reduced mobility. The Group offers assistance services at 280 stations for passengers with physical, sensory or motor disabilities that temporarily or permanently affect their mobility, ensuring their right to travel with ease. The service is organised by the Sale Blu centres at 14 of Italy's main stations.
- › Working with associations of people with reduced mobility to make the Group's new apps accessible and to test new trains. In addition, training has been held for on-board crew on how to greet and assist passengers with disabilities and reduced mobility.
- › 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 distress²³.

²²In 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 rights of man). The Group's supply chain sustainable management project is currently under way and will be, *inter alia*, extended to all Group companies.

²³ See the "Support to the community" paragraph for details.



Risks and opportunities



RISKS AND OPPORTUNITIES

102-15 201-2

FS Italiane Group operates in sectors with highly complex and varied processes and 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. In this context, the Group has defined the risk control model as described in the "Internal control and

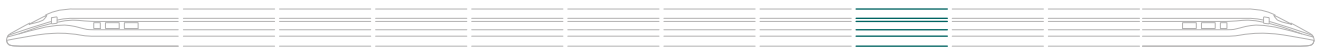
risk management system" paragraph.




The Group Chief Risk Officer coordinates the overall management of the Group's risk governance process beyond the relevant areas of the functions within its scope of responsibility (e.g., risk management).





For additional information, reference should be made to the 2018 Annual Report (Directors' report, *Risk factors*).

The Group constantly monitors risk factors and exploits any opportunities that could arise from risk management.




Risk	Description	Safeguards	Opportunities
Business risks 	<ul style="list-style-type: none"> i. competition due to the opening of markets ii. financial management in connection with relationships with public entities, both in terms of credit collection and the funding of investments for short-term concessions iii. potential instability of relevant legislation 	<ul style="list-style-type: none"> i. assessment and ongoing monitoring of competitors' bids and market presence ii. ongoing monitoring of financial positions, with invested capital funding policies at competitive rates iii. monitoring of contracts and their financial balance, monitoring of legislative changes and communication with the competent authorities 	<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 additional services



Risk	Description	Safeguards	Opportunities
<p>Operational risks</p> 	<ul style="list-style-type: none"> i. ability to retain certain suppliers operating in the maintenance and construction of rolling stock ii. performance of complex projects that require substantial financial resources and a structured organisational and project management structure iii. interruptions/issues due to system and technology faults, serious natural events and vandalism iv. alleged potential violations of occupational safety regulations 	<ul style="list-style-type: none"> i. structured supplier qualification procedures that include not only technical requirements but financial assessments as well ii. management and control procedures to constantly monitor physical and financial performance of infrastructural projects 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 iv. constant assessment and monitoring of occupational safety by senior management and the competent units 	<ul style="list-style-type: none"> i. increasingly closer partnerships with suppliers to contribute to the Group's growth ii. continuous improvement of processes and the construction of high-quality, efficient infrastructure iii. better safety and quality of services iv. continuous improvement of the work environment and safety performance
<p>Country risk</p> 	<ul style="list-style-type: none"> i. dynamic international context and significant political and economic instability in certain geographical segments 	<ul style="list-style-type: none"> i. in-depth analysis of the countries identified by the Group as potential new markets, or countries where it already performs business or trade activities 	<ul style="list-style-type: none"> i. expansion of international presence
<p>Project risks</p> 	<ul style="list-style-type: none"> i. potential impacts on project objectives in terms of timing, costs and quality with broad, direct and indirect consequences 	<ul style="list-style-type: none"> i. experimenting and implementing project risk management systems in line with the most sophisticated international standards and certification requirements 	<ul style="list-style-type: none"> i. improved project management and increased group capacity and process efficiency driving the Group's investments

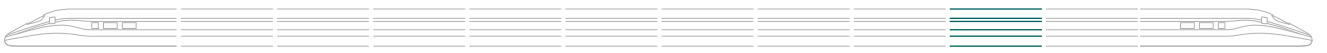
Risk	Description	Safeguards	Opportunities
<p>Compliance, legal and contractual risks</p> 	<ul style="list-style-type: none"> i. non-compliance risks generally arising from potential non-compliance with the rules characterising the legislative and regulatory framework 	<ul style="list-style-type: none"> i. 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 practices. 	<ul style="list-style-type: none"> i. continuous improvement of processes and activities and alignment with best practices ii. more transparency and improved reputation
<p>IT and cyber risks</p> 	<ul style="list-style-type: none"> i. hardware and software may be blocked due to programming errors, natural events and, increasingly, cyber attacks 	<ul style="list-style-type: none"> i. back-up methods, combined with the fail-safe network, extension of business continuity solutions for business critical systems and creation of a new security operation centre (SOC) 	<ul style="list-style-type: none"> i. improved ability to prevent cyber threats at a more advanced level of prediction maturity
<p>Environmental risks</p> 	<ul style="list-style-type: none"> i. non-compliance with environmental laws and regulations ii. risks related to climate change and extreme weather events, with potential repercussions on activities and infrastructure 	<ul style="list-style-type: none"> i. unit dedicated to safeguarding environmental issues and defining environmental management systems (ISO 14001 certified) ii. designing, building and maintaining infrastructure to make it more resilient to the effects of climate change 	<ul style="list-style-type: none"> i. ability to compete through the development of new services and processes with reduced greenhouse gas emissions ii. improved reputation and positive perception of passengers
<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. 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 	<ul style="list-style-type: none"> i. relationships with trade unions based on transparency and collaboration, employee training, continuous updates, recruitment of professionals on the market and incentive and corporate welfare plans 	<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. committing crimes and, in particular, bribery 	<ul style="list-style-type: none"> i. preventing corruption and illegality with FS S.p.A.'s adoption of the 231 Model and the issue of specific guidelines for the prevention of corruption between private parties in FS Italiane Group ii. definition of the single Anti-corruption Framework (including the anti-bribery & corruption management system) 	<ul style="list-style-type: none"> i. promoting the Group's reputation, both within and outside of the organisation, through a commitment to ethics and organisational and procedural safeguards
<p>Supply risks</p> 	<ul style="list-style-type: none"> i. 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 profit margins on the Group's products and services 	<ul style="list-style-type: none"> i. creation of department and units that oversee continuous trends in the prices of materials and services that are fundamental for business operations and any applicable regulations 	<ul style="list-style-type: none"> i. continuous improvement of procurement processes

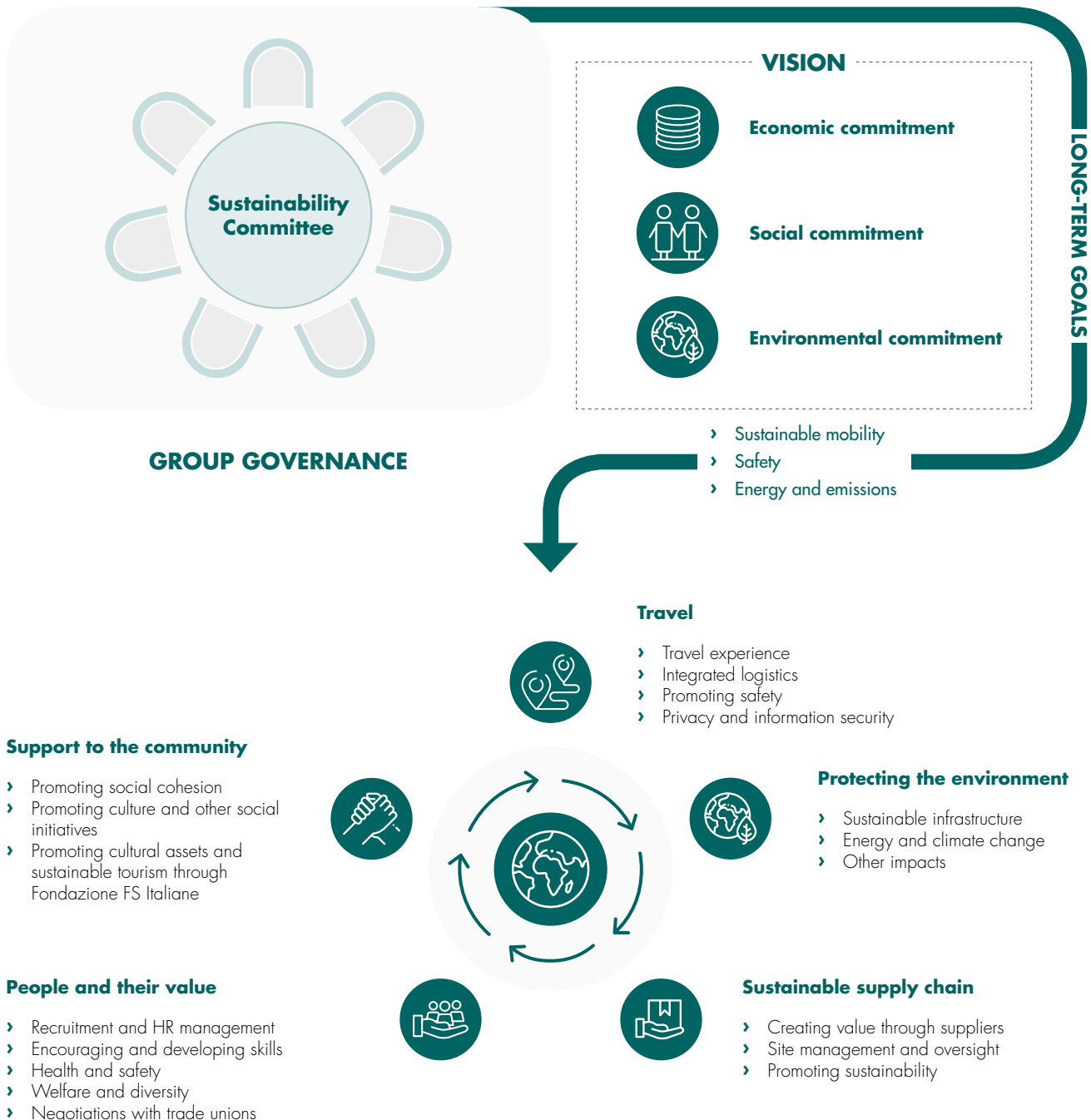


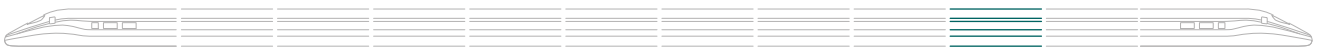
Commitment to a sustainable future



COMMITMENT TO A SUSTAINABLE FUTURE

FS Italiane Group is aware that it can significantly contribute to improving the wellbeing of millions of people - directly and indirectly - by helping develop mobility and logistics systems in the countries where it operates. This is why the Group's business strategy integrates social and environmental sustainability principles as a path paved by the Group's senior management and leading to a sustainable, inclusive future to be built alongside stakeholders.





SUSTAINABILITY AND THE GROUP

VISION, COMMITMENTS AND GOVERNANCE

102-11 102-12 102-14 102-15 102-16 102-18 102-19 102-27 102-29 103-2 103-3 201-2

The Group's vision

FS Italiane Group's vision incorporates its ambition of building transport works and services that create long-term value for the community by driving a shift in the transport sector towards intermodality. Its vision is based on three pillars: economic, social and environmental commitments:

VISION

Be a business that will create an offer of **integrated and sustainable** mobility and logistics services, in compliance with safety, using transport infrastructures in synergy with other operators and creating value in Italy and abroad.

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 expression of intent constitutes the shared foundation of values and beliefs that guide FS Italiane Group's decisions and operations.



Our commitment

The Group demonstrated its aim of transforming into a mobility business of the future, capable of upholding sustainability principles, in August 2017, when it joined the UN Global²⁴ Compact. This commitment entails 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.

FS Italiane Group is also a member of the UIC, which promotes the railway sector around the world as a solution to the challenges of mobility and sustainable development. The Group signed the "UIC declaration on Sustainable Mobility and Transport" in 2010, committing itself to promoting responsible behaviour, in line with the GC's ten principles.

The Group's code of ethics establishes the rights and responsibilities of corporate officers, managers, employees, freelancers, business partners, suppliers and all other parties involved in transactions with the Group. With the code of ethics, FS Italiane Group transparently takes on its responsibilities and commitments to both internal and external stakeholders.

Specifically, FS Italiane Group aims to achieve the following goals in the context of the UN 2030 Agenda for sound, sustainable development:

²⁴ See the "Report on corporate governance and ownership structure - Human rights policies" for additional details.



Sustainability governance model

In 2016, FS S.p.A. established a Sustainability Committee²⁵, an advisory board made up of senior managers from the main Group companies, formed to integrate social and environmental aspects into economic-financial strategies, promote the values and principles of sustainable development and meet stakeholders' needs and expectations.

The CEOs of certain Group companies, central directors and the head of sustainability are members of FS S.p.A.'s Sustainability Committee.

A few months after it was established, the Sustainability Committee and the Board of Directors began an induction process to improve senior management's knowledge of

and commitment to sustainability: three induction sessions were held.

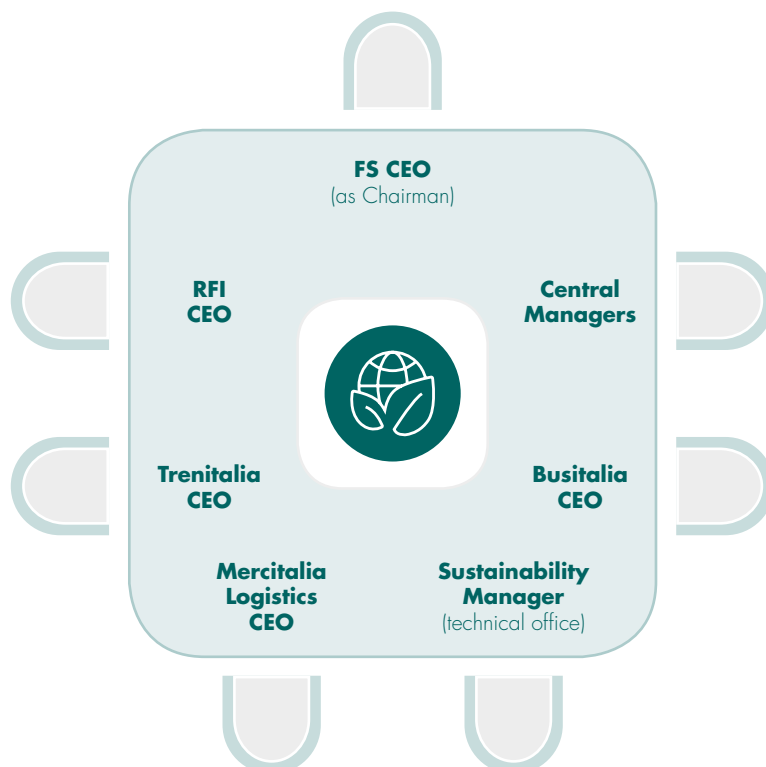
Another induction process is being designed for the Boards of Directors of the Group's main subsidiaries and the Sustainability Committee²⁶.

In 2018, the Sustainability Committee - which guarantees Group stakeholder dialogue and engagement - undertook a collaborative process with stakeholders to outline the 2030- 2050 long-term goals²⁷.

²⁵ Established with the Group measure of 1 July 2016.

²⁶ It includes FS S.p.A.'s Board of Directors and the members of the Group's Sustainability Committee.

²⁷ See the paragraph on the Stakeholder panel for details.



The principles underlying our *modus operandi*

The Group has formalised a set of principles for all stakeholders on which its policies, code of ethics and vision are based:



COMMUNITY

- › We continuously communicate with communities during the planning and completion of infrastructural investments.
- › We develop initiatives based on current issues and continuously support national events through partnerships with foundations, museums and cultural associations.
- › We ensure the utmost level of safety for customers, employees and the community, focusing on the consolidation of the culture of risk management and prevention.
- › We carry out projects and initiatives to help disadvantaged people.
- › We promote employer branding initiatives to develop above-par training and introduce young people to the employment experience.



SUPPLIERS

- › We make compliance with our environmental and social principles a requirement for suppliers of goods and providers of services and works.
- › We have structured a supply chain assessment process in order to better identify and manage the impacts of the supply chain.
- › We guarantee that our activities respect human rights, operating within the framework of the UN's Universal Declaration of Human Rights and contributing to the creation of a responsible chain through our suppliers and business partners.



OUR PEOPLE

- › We consider human resources to be the Group's main assets, with their value, their differences and their rights.
- › We maintain their professional growth through technical/professional and managerial training.
- › We make sure that our recruitment, training, development and career advancement are based on merit and free from any form of discrimination.
- › We develop tools capable of improving the wellbeing and motivation of workers, in addition to facilitating a healthy work/life balance and integration.
- › We constantly build upon and update worker health and safety prevention and protection measures in accordance with current legislation, including through OHSAS 18001-certified management systems.



THE ENVIRONMENT

- › We adopt environmental management models that establish short and long-term strategies and principles: this commitment also entails the implementation and certification of environmental management systems (EMS) and integrated management systems (IMS) for all the operating sites and processes of the group companies.
- › We minimise the environmental impact of our activities by adopting an LCA approach from the planning stage to all processes thereafter.
- › We encourage our suppliers to improve their environmental performance and, where possible, we guide them and support them in their improvement process.



OTHER STAKEHOLDERS

- › We promote the balancing of economic objectives with social and environmental ones, creating value for the business, stakeholders and all the areas in which we operate, making the most of external benefits and avoiding or reducing negative repercussions.
- › We ensure constant, transparent dialogue with our stakeholders in many different ways (the stakeholder panel, relationships with associations/institutions, partnerships, media relations, online news, websites and blogs, etc.).



PASSENGERS

- › We pay close attention to delivered and perceived quality. In order to improve the experience of our customers and in the name of intermodal transport and integration with the land, we are transforming stations into mobility hubs.
- › We promote an integrated door-to-door system through the creation of intermodal hubs, vehicle sharing agreements, bus-rail connections, etc..
- › We inform all stakeholders of our principles and commitments to improving the services we offer through the Service Charters.
- › We measure quality perceived by customers through periodic customer satisfaction reports, using the management of complaints as a valid tool for interaction with customers and to monitor inefficiencies reported by customers and improve performance.



STAKEHOLDER ENGAGEMENT

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Ferrovie dello Stato Italiane Group continuously communicates with its stakeholders, as it firmly believes that by understanding their expectations and identifying objectives with them, it guarantees the effective creation of value. With this in mind, FS Italiane Group has several ways of interacting with its stakeholders.

Map of Ferrovie dello Stato Italiane Group's stakeholders





The stakeholder panel

The 5th annual stakeholder panel was held in May 2018. Each year, FS Italiane Group organises this event because creating value for the business means creating value for its stakeholders. The purpose of the panel, at the Sustainability Committee's volition, was to promote a shared, collaborative process for the definition of the 2030-2050 long-term sustainability goals.

Headed by members of the Sustainability Committee and managers of the concerned operating companies, the various technical, multi-stakeholder round tables respectively focused on specific topics. Around 70 stakeholders participated in the discussions, which

centred around three key issues: Safety, Energy and emissions and Sustainable mobility.

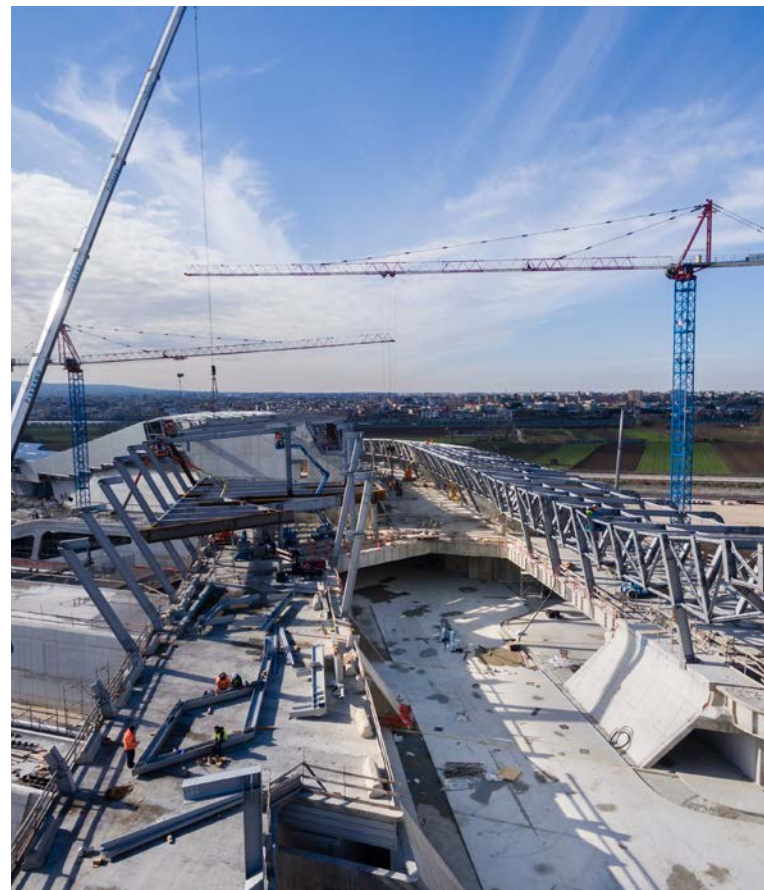
The process will continue in order to formalise objectives on these three issues and to define other priority issues.

At the same time, work continued to update the company web page devoted to dialogue with stakeholders where, since 2013, the progress of the proposals submitted at each of the four editions of the Group's stakeholder panel is reported. A total of 85 proposals have been submitted in the course of the panels, and 63 of these have been implemented, while 11 are being implemented and 11 were not considered feasible.

STAKEHOLDER PROPOSALS



● **63** Implemented ● **11** In progress ● **11** Rejected



Other forms of dialogue

There are many other forms of dialogue between the Group and internal and external stakeholders, including institutionalised feedback collection (e.g., customer satisfaction surveys), relationships with the consumer and environmental associations and the trade unions.

Every year, the Group promotes a number of initiatives to inform, advise, discuss and partner with the various

stakeholders. In 2018, Ferrovie dello Stato Italiane Group took part in activities with the following associations: Confindustria and its local branches, Agens/ Federtrasporto, Federturismo, Assonime and Accredia. In addition, it met with the Conference of Regions and Autonomous Provinces, the Unified Government and Regions Conference with the relevant Ministries.

In Europe, the Group has collaborated with:²⁸



As a member of UPA (the Italian association of advertising users)³⁰, the Group also automatically 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.

Relationships with associations for people with reduced mobility

The Group's activities with associations for people with reduced mobility include a collaborative process with UICI, ADV and ANPVI, three associations for the visually-impaired, to make the Nugo app more accessible to people with this disability. With the FISH and FAND federations, the Group has organised training for Trenitalia's on-board crew on how to best greet and help passengers with disabilities and reduced mobility.

The Group's commitment also extended to the #lamusicastacambiando roadshow, a travelling tour of 1:1 scale models of the new Pop and Rock trains, which was held in nine cities³¹ over twelve months. At each stop, regional representatives of 14 of the leading associations of disabled people (ADV, ANGLAT, ANMIC, ANMIL, ANPVI, ASBI, ENS, FAND, FIABA, FIADDA, FISH, Lega Arcobaleno, UICI and UNMS) were invited to participate.

²⁸ The UCI, as, since 3 September 2018, the Chairman of Ferrovie dello Stato Italiane is its Chairman.

²⁹ EU Institutions (Parliament, the EU Commission and Council).

³⁰ An association that represents the interests of the most important industrial, commercial and service companies investing in advertising.

³¹ Rome, Verona, Palermo, Reggio Calabria, Bari, Rimini, Trieste, Ancona and Naples.



Media relations, publishing and multi-media material

In 2018, the Group was active with the national, local and international media (press agencies and national, local and international newspapers, the 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* and *Note* magazines;
- › the online *Nugo Magazine*;
- › the radio station *FSNews Radio*;
- › the online television station *La Freccia.TV*;
- › social networks;
- › the #Opentreno blog.

Over 4,000 press releases and articles were written, including some 600 articles for *FSNews.it* and 90 press releases. Multi-media work included the production of 133 photo shoots for events and 54 shots for digital communications and advertising and 163 institutional/promotional/documentary videos which were used for visual communications in the Group's media and on monitors at stations and on-board trains.

FSNews Radio

The FSNews Radio editorial department broadcast 3,000 hours of live content, providing over 5,300 updates on train circulation.

La Freccia and In Regione editions

La Freccia and *In Regione* publish the printed and online magazines *La Freccia*, *Notes* and *Nugo Magazine*, in addition to special volumes and series. All their publications are available on ISSUU³² and in the media and events section of *fsitaliane.it*. They are printed on FSC® certified paper. *La Freccia* publications include:

- › *La Freccia*, FS Italiane Group's general-interest monthly publication (12 issues);
- › *La Freccia Junior*, the children's supplement to *La Freccia* (12 issues);
- › *La Freccia Collection* (2 issues);
- › *La Freccia Design* (1 issue);
- › *La Freccia Fashion* (2 issues);
- › *La Freccia Gourmet* (1 issue).

(Distributed at special events on Freccie trains, in FRECCIAClubs, at the FRECCIABistrò and in certain hotels and travel agencies)

In Regione publications include:

- › #Note, the weekly pocket edition about regional transport (22 issues)

(Distributed in 32 stations by dedicated hostesses and/or at ticket offices)

Nugo magazine

A mobile-friendly travel magazine (in Italian and English) designed to simplify and enhance the travel experience for people on the move and travellers who use *Nugo*, the integrated door-to-door mobility app. The magazine recommends itineraries and unique travel ideas and highlights shows, events and festivals.

³² Digital Publishing Platform.

Web Strategy

FSitaliane.it was rated number one unlisted company in the 2017-18 Webranking by the strategic consulting company Lundquist. The website was recognised for the excellent work on content, its revision and the development of graphics and multi-media features.

The most important initiatives in the year included:

- › the awareness campaign on social networks (#lapartitaditutti against violence against women), the FS Italiane and Italian Para-Olympic Committee partnership to encourage accessibility for people with reduced mobility, Frecciarosa2018, lo non rischio 2018 and the Christmas 2018 fund raising campaign.

The Group can also be found on:



For its internal stakeholders, the Group:

- › completed the design and development of the **new Social Intranet** with the involvement of over 100 workers throughout all Group companies.
- › launched **22 pilot communities** with the participation of over 1,500 workers and 15,000 Microsoft licences, a crucial tool for more effective and efficient communication and collaboration, reducing the number of emails sent and making it faster to share information.



CREATION OF VALUE FOR STAKEHOLDERS

201-1 203-2

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 (over €2.3 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 FS Group's stakeholders (such as employees and the community through, for example, improvements in service quality).

Generation and distribution of economic value	2018	2017	2016
Directly generated economic value	12,202	9,369	9,004
Revenue from sales and services	11,566	8,993	7,908
Other sundry income	636	376	1,096
Economic value distributed	9,883	7,202	6,837
Operating costs for materials and services	4,685	2,754	2,623
Personnel expense	4,853	4,178	3,951
Payments to financial backers	221	176	170
Payments to public bodies	124	94	93
Economic value withheld	2,319	2,167	2,167

In millions of Euros

In view of integrating strategies with sustainability aspects, using the creating shared value (CSV) approach, the Group has kicked off a project to create a methodology that incorporates multi-faceted (social, environmental and economic) assessments of activities and investments.

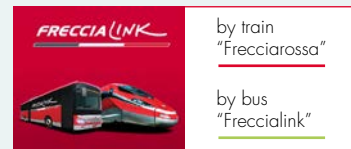
We create value for the country

In 2018 the Group defined a model to estimate the direct and indirect social, environmental and economic impacts of the Group's investments. This model was first applied to the Freccialink service on the Milan - Matera route over a one-year time period (2017). The assessment of positive and negative external factors resulted in the survey of direct, indirect and induced effects on the local areas and stakeholders.

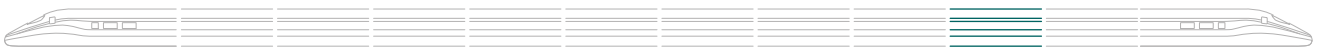
The impacts were estimated using financial proxies, input-output models and, for the environmental impacts, the UIC's external cost of transport in Europe analysis.

To assess the positive or negative impacts, the service was also compared to other available travel solutions (aeroplanes, cars, etc.).

Upon completion, the analysis showed that the Freccialink service on the Milan - Matera route for the three aspects considered created value of roughly €3.4 million. In particular:



Type of impact	External factors	Impact	Value
Economic	Calculation of direct, indirect and induced impacts of the Freccialink service	€1,907 thousand	€1,907 thousand
Social (Employment)	Direct, indirect and induced jobs (FTEs) created by the Freccialink service	17.7 FTE	thousand
Social (Mobility)	Total hours of travel saved	3,633 hours	€1,346 thousand
	Total travel costs saved	€198 thousand	
	% of time gained during the journey	28%	
	Reduction in the risk of accidents in terms of avoided deaths, injuries and accidents in the Freccialink service	0.03 deaths avoided 2.29 injuries avoided 2.49 incidents avoided	
Environmental (Emissions)	Avoided emissions (CO ₂ eq, NO _x , SO _x , COVNM, PM _{tot})	485 tCO ₂ eq 5,930 kg NO _x 571 kg SO _x 625 kg COVNM 712 kg PM _{tot}	€157 thousand



MOVING PEOPLE AND GOODS

102-15 103-2 103-3

What we have accomplished...

EXPANDED LONG HAUL TRANSPORT CONNECTIONS

to Rome's Fiumicino airport

Completed the

UPGRADING OF WI-FI ON ETR 500 TRAINS

with the installation of new 4G modems for improved service

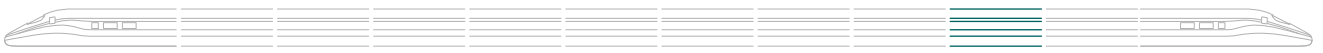
SMART CARING SERVICE

to receive push messages

with information on the status of train traffic and railway lines of specific interest

THE SEM (SMART EVENT MANAGEMENT) PLATFORM

was completed and activated at 38 stations. It remotely controls and manages - for energy efficiency - the lighting and other systems (e.g., lifts, escalators, turnstiles, etc.) as part of the Easy Station and Smart Station improvement projects



What we aim to do...

Start up

SERVICES CONNECTING TO MILAN'S MALPENSA AIRPORT

Start up a project for

NEW MULTI-PROVIDER WI-FI

on ETR 500 trains for better service continuity and faster connection speeds

Roll out the

NEW POP AND ROCK TRAINS BEGINNING IN SPRING 2019

The first region to receive the new trains will be Emilia-Romagna, with 39 Rock and 47 Pop trains

Continue work at the stations included in the

EASY STATION (ANOTHER 50 STATIONS) AND SMART STATION PROJECTS

What we have accomplished...

THE "SALABLU PLUS" APP

was completed

enabling passengers with reduced mobility to book assistance at stations

194 BUSES WERE ROLLED OUT

(four electric and 190 Euro 6 buses)

equipped with low-energy consumption devices

THE FREIGHT SEGMENT'S CUSTOMER SERVICE

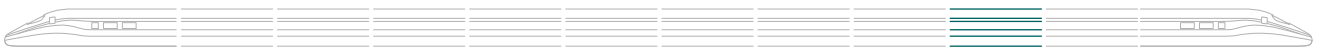
was redesigned

with dedicated resources and IT applications

As part of the "Turnstile 2.0" project

to control passenger flows on station platforms, the plans for around

60 RAILWAY STATIONS WERE DRAWN UP



What we aim to do...

Make the

"SALABLU PLUS" APP

available in the Google and Apple stores

Purchase another

262 BUSES

including two electric buses, 44 hybrid buses and 209 Euro 6 buses

Improve customer management in all stages of the service

WITH TARGETED CUSTOMER CARE PROJECTS

to restore reliability and regain trust

INSTALL MOBILE BARRIERS

to protect the platforms at the Naples Centrale station and begin plans for the **Turin Porta Nuova, Rome Santa Lucia and Bologna Centrale stations**

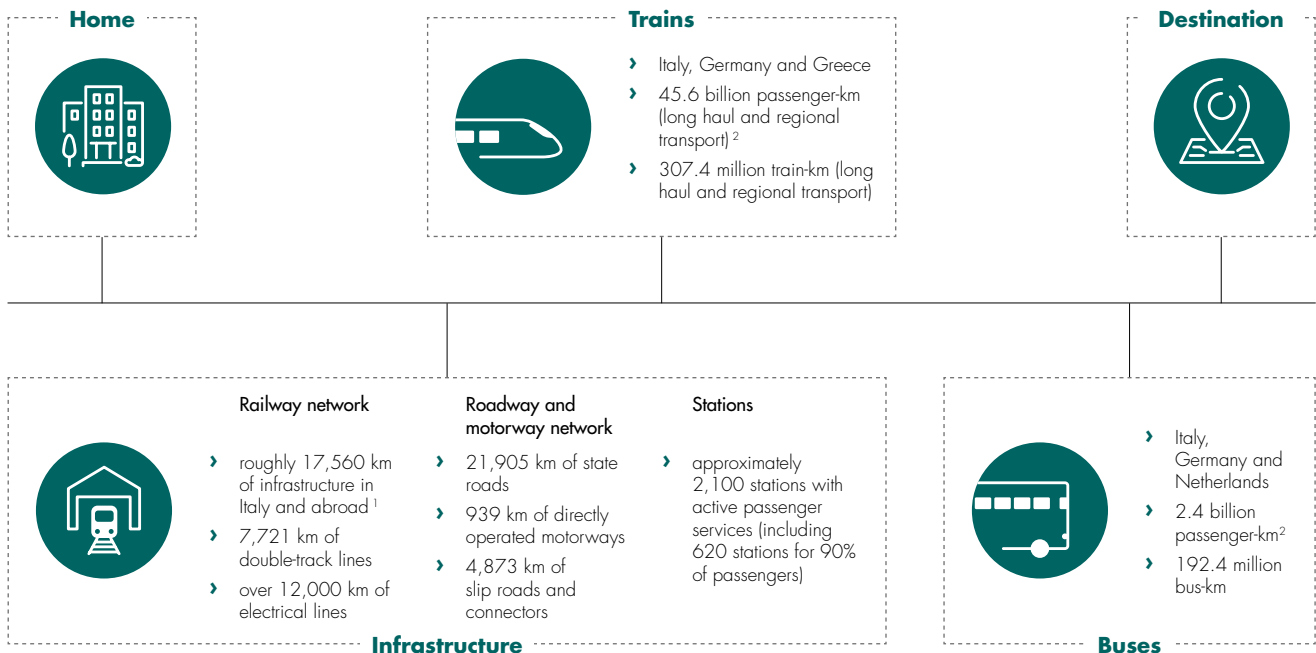
The Group aims to offer quality services to passengers and business customers to meet their needs safely, sustainably and with integrated mobility.

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

TRAVEL EXPERIENCE

102-2 102-4 102-6 102-7

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 2018, 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., 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 FS Italiane Group.

² It includes the Group companies' passenger traffic abroad.



The Group's commitment is demonstrated by the creation of services in 2018 to encourage integrated mobility and offer passengers the chance to customise their travel experience based on their personal needs.

Integrated mobility

In 2018, "Unica Toscana", "Unica Emilia Romagna" and "Umbria GO" were created so passengers can travel around each region freely via the integrated transport system.

"Unica Toscana" is the new personal travel pass allowing holders to travel throughout the metropolitan Florence area on urban buses and trams and throughout Tuscany on regional trains.

"Unica Emilia Romagna" is a contactless, multi-service smart card which holders may use for trains and buses to travel throughout the region regardless of the type of carrier or operator.

"Umbria GO" offers access to all public transport services in Umbria within the boundaries of regional rates.



Station

Stations are true city hubs, as they are often situated in the centre of cities, allowing passengers to take advantage of the commercial services, such as catering services, shopping centres, waiting rooms, infopoints, automatic ticket machines, etc..

The goal of the Hub Station project is to redefine, in partnership with institutions, the role of train stations in the country, making them a hub for services and intermodal transport, while the Easy Station and Smart Station projects consist of redesigning the physical and digital infrastructure inside the station to make it more functional and attractive.

No-impact stations

The GreenHub project creates train stations with no environmental impact. With the objective of combining environmental sustainability, energy efficiency, technological innovation and new services for passengers and station users, GreenHub is a pilot project in which the stations of the future are green spaces in which innovative technologies designed by Italian and international start-ups co-exist both inside and outside the stations.

Travellers will find benches with integrated outlets to charge their tablets and smartphones and Wi-Fi hotspots. They can consult special displays for geolocalised information and, outside the station, they can charge their e-bikes and electric scooters.



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 280 stations throughout Italy to help passengers with physical, sensory or motor disabilities to get around.

The 14 “Sale Blu” centres located at the main stations manage this assistance service, providing information, accepting bookings and arranging for passengers to be met in stations, accompanied on board trains, assisted on and off trains, etc.. In 2018, around 358,000 of these services were provided (+12 % on 2017, confirming the growth trend seen in previous years).



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.

OPERATING RAILWAY LINES 16,781 KM¹

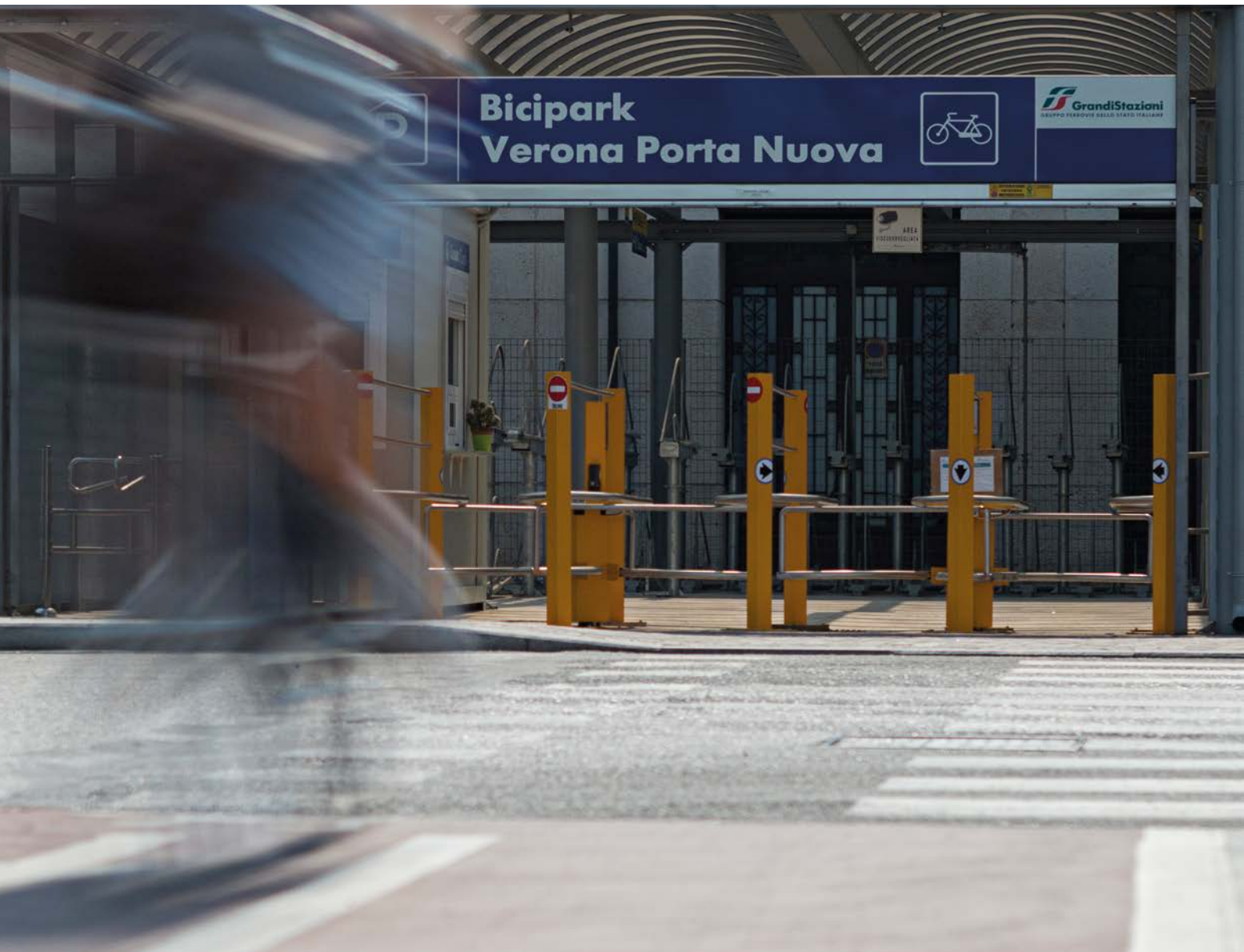
Classification		Type		Power	
Fundamental lines	6,469 km	Double-track lines	7,721 km	Electrified lines	12,018 km
Complementary lines	9,360 km	Single-track lines	9,060 km	- double track	7,644 km
Nodes	952 km			- single track	4,374 km
				Not electrified lines	4,763 km

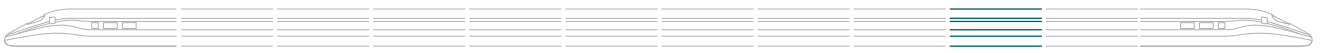
¹ Including 70 km outside Italy

Roadway and motorway network

The Group builds, manages and maintains the network of state roads connecting all Italian cities. It designs new, highly-engineered solutions to overcome connection limits on Italy's geologically complex land. The Group's 1,800 tunnels make up half the tunnels in all of Europe, and today,

the roadway network includes approximately 30,000 km of directly managed state roads and motorways, including slip roads and connectors. To provide greater continuity throughout the country, by decree of the Prime Minister on 20 February 2018, a project to restore roughly 6,250 km of regional and provincial roads has begun.





Trains

Railway passenger transport can be split into two main segments:

- › long haul transport
- › regional

NATIONAL

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



Widespread network

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

Services

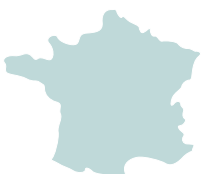
Frequent service in cities and fast connections between major regional hubs, ensuring that the two different service levels intersect at the "gateway stations"

Fleet

New more modern and comfortable trains (Pop and Rock) purchased and revamping activities (completed and planned), leading to the renewal of 75% of the fleet by 2019

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.
A network spanning approximately 260 km with a fleet of 358 trains

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)

UK



Passenger transport from London (Fenchurch Street) to Basildon, Southend and Grays, passing through 26 stations in East London and South Essex

Buses and trams

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

NATIONAL

Local



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.

Long haul

Freccialink

Integrated service consisting of dedicated buses that connect medium-sized cities and tourist cities with the High Speed Trains (Freccie) from Bologna, Bolzano, Florence, Lecce, Milan, Naples, Rome, Salerno, Turin, Venice and Verona.

INTERNATIONAL

Germany



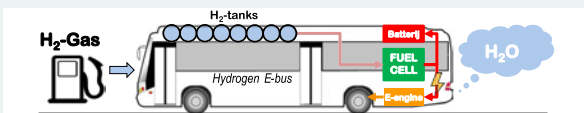
Public road transport in the North Rhine-Westphalia region, Frankfurt on Maine, Hamburg and Hanover with a fleet of 978 buses.

Netherlands



Local public transport in the metropolitan area of Utrecht, in the province of Groningen-Drenthe and in the Drechtsteden, Molenlanden and Gorinchem (DMG) area.

Transition to zero-emission buses



The Group plans to invest in buses with zero direct emissions (electric and hydrogen buses). The energy that drives the buses must be completely generated by renewable sources of energy, such as solar panels or wind turbines.

In particular, for a few years it has had several zero-emission projects under way in Netherlands, where the Group aims to achieve zero direct emissions:

- › since December 2017, ten electric articulated buses have been operating on the Qlink Green line (a

combination of lines 1 and 2) in Groningen;

- › ten battery-run buses have been operating line 1 in Utrecht. The batteries are recharged at dedicated fast-charging stations at the end of each route;
- › the Group has joined the European "High V.L.O.-City" project for the use of hydrogen buses for public transport in the Groningen area. This project includes the use of two electric buses powered by "Van Hool" (hydrogen) cells, replacing two diesel buses. The two hydrogen buses run six days a week between Appingendam, Groningen and Assen.

In addition, Qbuzz aims to replace all the buses in its fleet with zero-emission buses by 2030.



FOCUS ON PEOPLE

102-43 102-44 419-1

Delivered and perceived service quality is of strategic importance to the Group to enhance the travel experience of all train and bus passengers and to satisfy the needs of the customers who trust the Group to transport their freight.

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 through³³ interviews with a sample of passengers/

customers, aimed at analysing their expectations and their respective level of satisfaction. Furthermore, in order to guarantee appropriate feedback, a complaints monitoring system was launched which, in addition to satisfying the legitimate expectations, also helps to improve the efficiency and effectiveness of services.

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



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 - Presidential decrees of 27 January 1994 and 30 December 1998) for the **railway**

network and stations are constantly monitored and reported. In 2018, 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



ENERGY EFFICIENCY OF STATIONS

Replacing (in 40 stations) lighting systems with the exclusive use of LEDs

2018 actual



SECURITY AT THE STATION

Number of thefts in stations below the three-year average number¹

2018 actual



ACCESSIBILITY AT STATIONS

At least 100 projects to improve accessibility (platforms and lifts)

2018 actual



¹Excluding 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 and the Ministry of the Interior for the development of joint actions to improve the safety of the customer and Group assets.

Legend:  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 2017, remaining above the 90% threshold for nearly all macro-factors for the entire network³⁴.

³³Trenitalia publishes the Service Charter to express its principles and commitments to improve the services it offers.

³⁴The following charts and pages use "p.p." to indicate percentage point changes.



ENVIRONMENT IN THE STATION

**QUALITY**

Overall quality of the station

+1.0 p.p.2018 actual: 96.6%
2017 actual: 95.6%**INFORMATION AT THE STATION**

Perception of information under critical operating conditions

+0.7 p.p.2018 actual: 94.0%
2017 actual: 93.3%**ASSISTANCE**

Satisfaction with the assistance service provided by the Sale Blu network

+0.9 p.p.2018 actual: 99.5%
2017 actual: 98.6%

Legend:



Improved



Stable



Worsened

99.5% (+0.9% compared to 2017) of people who used the Sale Blu assistance services reported their satisfaction in 2018.

The increasing trend in complaints continued in 2018 (+27%) - along with the upwards trend in inefficiencies reported in them (+29%). As seen in 2017, this was due to

users' greater awareness of the webform in the complaints section of RFI's websites and the faster response times, which has created fruitful, dynamic dialogue between the Operator and customers. In line with the total increase in inefficiencies, 11% of all reported inefficiencies related to complaints of environmental issues (noise, vegetation overgrowth in railway areas, etc.), up 22% on 2017.





Roadway and motorway network infrastructure

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

ROADS AND MOTORWAYS



TRAVEL SAFETY

Amount of time between the notification to the Operating Room and the publication of information on events affecting roads for users of the VAI (integrated Anas roads) system, scrolling information panels and the Anas website

Standard time: maximum 30 min.

2018 actual



SERVICE REGULARITY

Amount of time road closed for unexceptional snowfall and/or not due to scheduled closing on sample sections

Standard time: ≤ 12 hours

2018 actual



FOCUS ON THE ENVIRONMENT

Production of energy from renewable sources (solar power)

Standard amount: ≥ 750 Giga joules

2018 actual



Main indicators in the Anas service charter

Legend:



Target achieved

During the year, a customer satisfaction analysis is also conducted for the "Pronto Anas" service. This analysis showed a satisfaction rate of 7.4 out of 10.

In the past three years (2016-2018), roughly 150,000 contacts were made (the Contact Centre immediately resolved 80% of these contacts, and the local offices handled 20%). 4% of contacts referred to inefficiencies perceived by customers (complaints and reminders).



Trains - Italy

Train punctuality worsened slightly in the long haul transport segment.

The improvement trend in the punctuality of regional trains seen in recent years continues.

LONG HAUL TRANSPORT



PUNCTUALITY

% of trains arriving within 15 minutes of the scheduled time ¹

-1.9 p.p.

2018 actual: 95.7%
2017 actual: 97.6%



REGIONAL



PUNCTUALITY

% of trains arriving within 5 minutes of the scheduled time ¹

+0.5 p.p.

2018 actual: 97.6%
2017 actual: 97.1%



SERVICE REGULARITY

Regular trains, net of trains that were limited, cancelled or arrived over 120 minutes late

-1.4 p.p.

2018 actual: 98.3%
2017 actual: 99.7%



SERVICE REGULARITY

Total cancellations of scheduled train service (excluding strikes)

+0.3 p.p.

2018 actual: 1.4%
2017 actual: 1.1%



¹ Trains that arrive after the 15-minutes limit for external reasons or reasons attributable to the network operator and other railway companies are considered on time

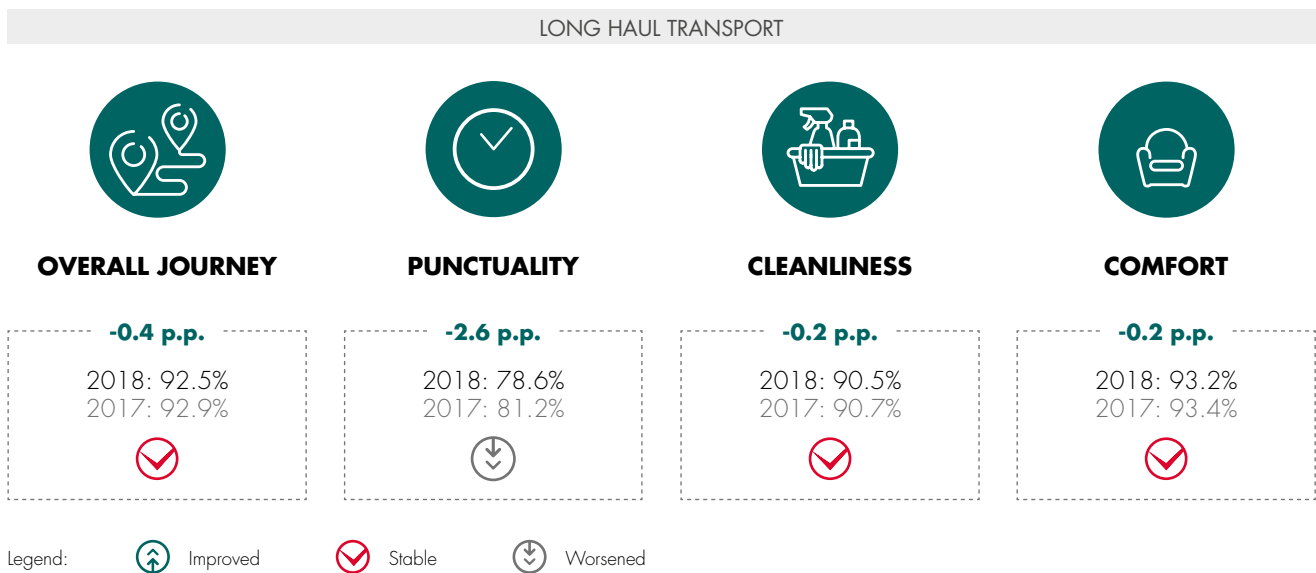
¹ Trains that arrive after the 15-minutes limit for external reasons or reasons attributable to the network operator and other railway companies are considered on time

Legend: Improved Stable Worsened

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 haul³⁵ and short haul journeys and local/regional transport³⁶). Surveys are conducted using face-to-face and telephone interviews³⁷.

Passenger satisfaction in 2018 was generally steady

in the long haul transport segment. Overall satisfaction with the "overall journey"³⁸ was substantially in line with the previous year, with 92.5% of passengers satisfied in 2018, compared to 92.9% in 2017. More specifically, "on-board comfort" was substantially steady (-0.2 p.p. compared to 2017) as was "cleanliness" (-0.2 p.p.), while satisfaction with "punctuality" decreased 2.6 p.p. on 2017.



³⁵ 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.

³⁶ Surveys are conducted every two months for a total of six surveys per year and entail 7,666 interviews. Such a high number of interviews makes it possible to survey passengers travelling on the 35 main regional railway lines throughout all of Italy.

³⁷ 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 6 are considered satisfied.

³⁸ 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.

The customer satisfaction results of the regional transport segment improved for all aspects of the journey in 2018.

84.5% of customers were satisfied with the "overall journey", an improvement of approximately 2 p.p. on 2017.

An analysis of the individual aspects shows improvements in all factors, with the most significant improvements in "cleanliness" (+3.2 p.p. on the previous year), "comfort" (+2.3 p.p.) and punctuality (+1 p.p.).

REGIONAL

**OVERALL JOURNEY****+1.8 p.p.**2018: 84.5%
2017: 82.7%**PUNCTUALITY****+1.0 p.p.**2018: 75.2%
2017: 74.2%**CLEANLINESS****+3.2 p.p.**2018: 73.5%
2017: 70.3%**COMFORT****+2.3 p.p.**2018: 85.2%
2017: 82.9%

Legend:  Improved  Stable  Worsened

While the regional transport customer satisfaction indicators were positive in general, they were particularly high at local level in Friuli Rome Giulia and the autonomous provinces of Trento and Bolzano, where 94% to 96% of interviewed passengers were satisfied with their "time on-board" the train.

The regions with the lowest scores, but the greatest improvements on 2017, are Molise (where satisfaction improved by 4.4 p.p.), Sicily (up 4.1 p.p.), Basilicata and Emilia Romagna (up 3.1 p.p. on the previous year).

The first commuter care service is created

To better meet the needs of its passengers, especially commuters, the Group has created a specific **commuter care service on trains and at stations**, in addition to information desks and boxes throughout the main stations and other already care services already in place (customised information sent via app, telephone chats, toll-free number, etc.).

The 520 railway workers involved in this innovative project at the main stations are mostly young, recently hired employees, and the project will cover a total of 100 thousand regional per year around the entire country, with a special focus on local areas. From the very beginning, FS Italiane management's commitment has been consistent with the greater strategy of making people and their needs the central focus of all Group companies and extends to regional trains some of the strengths that until now exclusively belonged to the Freccie service.

There are now six assistance services available to Trenitalia's regional transport passengers, either provided by station and on-board crew or available on smartphones and tablets.



The careful management of complaints is a vital tool for interaction with customers because it enables the Group to monitor and analyse reported inefficiencies and improve performance.

For the systematic and efficient management of complaints, the Group relies on 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.

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).

In 2018, 46,196 complaints were received in relation to long haul transport, 21.4% more than in the previous year. The main reasons for complaints were punctuality (up on 2017), the functioning of the website, timetables and fares (down as a percentage of all complaints compared to 2017).

The mains reasons for complaints are reported below:



CLASSIFICATION OF COMPLAINTS RECEIVED (%)

LONG HAUL TRANSPORT (NATIONAL AND INTERNATIONAL)

**PUNCTUALITY****+6.6 p.p.**2018: 29.6%
2017: 23.0%**WEBSITE****-1.7 p.p.**2018: 14.3%
2017: 16.0%**TIMETABLE AND FARES****-4.1 p.p.**2018: 12.9%
2017: 17.0%**COMFORT AND CLEANLINESS****-1.6 p.p.**2018: 11.4%
2017: 13.0%**SERVICE REGULARITY****+1.7 p.p.**2018: 6.7%
2017: 5.0%

Legend:



Improved



Stable



Worsened

27,167 complaints about regional transport were received in 2018, up 6.6% on 2017. Complaints about punctuality increased slightly as a percentage of the total complaints received, while the percentage of complaints about traditional ticketing services, comfort and cleanliness and commercial regulations decreased (by -2.7 p.p., -1.2 p.p. and -0.7 p.p., respectively).

CLASSIFICATION OF COMPLAINTS RECEIVED (%)

REGIONAL



PUNCTUALITY

+1.9 p.p.

2018: 22.9%
2017: 21.0%



COMMERCIAL REGULATIONS

-0.6 p.p.

2018: 15.4%
2017: 16.0%



TRADITIONAL TICKETING

-2.7 p.p.

2018: 10.3%
2017: 13.0%



SERVICE REGULARITY

+0.5 p.p.

2018: 10.5%
2017: 10.0%



COMFORT AND CLEANLINESS

-1.2 p.p.

2018: 9.8%
2017: 11.0%



Legend:



Improved



Stable



Worsened

Trains - UK

Trenitalia c2c, which operates passenger transport between London and Essex, was the most punctual railway operator in the United Kingdom, with 97.6% (2017: 93.8%) of trains arriving on time in the period considered, compared to a national punctuality average of 87.3%.

Passenger satisfaction is measured by the half-yearly

National Rail Passenger Survey. The results of the survey showed that the company's satisfaction scores were higher than the average of its competitors (London & the South-east) for nearly all criteria. Satisfaction with the overall journey was 88%, compared to the average for the entire sector 79% (+9 p.p.).

11,612 complaints were received in 2018, in line with the previous year.

UK



PUNCTUALITY - PPM¹

9 Dec - 5 Jan

+10.3 p.p.

Actual: 97.6%
Rail Network benchmark: 87.3%



SATISFACTION WITH THE JOURNEY

% of satisfied passengers

+9.0 p.p.

Actual: 88.0%
Sector benchmark: 79.0%



¹ PPM (Public Performance Measure) is the standard used to monitor train punctuality, as defined by Network Rail (the infrastructure operator). This indicator reflects the percentage of trains travelling according to route and timetable and arriving at their destination station within five minutes of the scheduled time (for London and & the Southeast and regional services) or within ten minutes (for long haul service).

Legend:  Improved  Stable  Worsened

Trenitalia c2c: the UK's best railway company

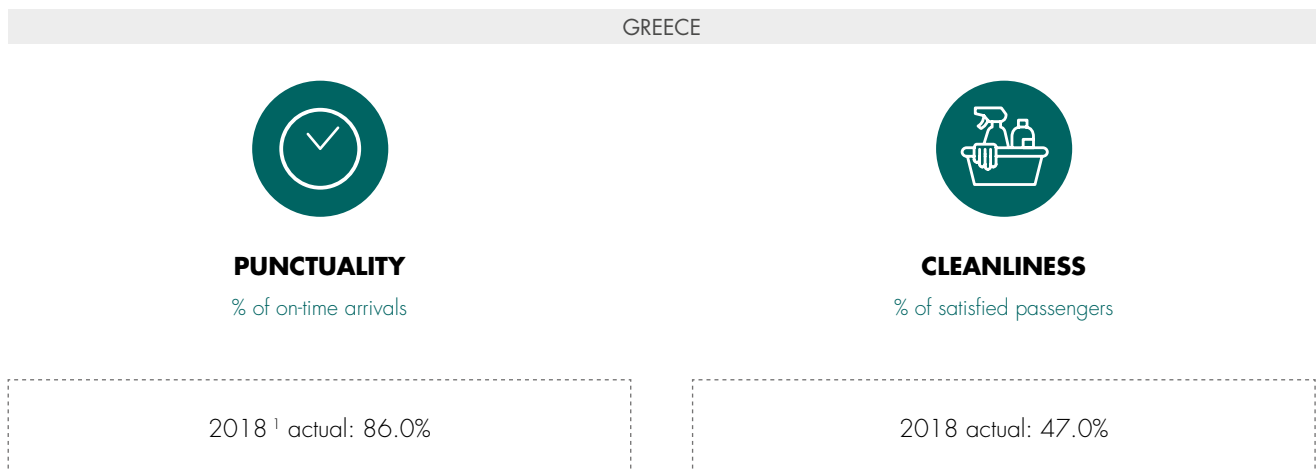
In 2018, Trenitalia c2c won the award for best railway company in Great Britain at the National Transport Awards (partly due to the delivery of 60 new carriages, the implementation of a better system to refund passengers for delays and train cancellations and the launch of free Wi-Fi for all passengers).



Trains - Greece

TrainOSE³⁹ monitors train punctuality and passenger satisfaction on a monthly basis by direct measurement (e.g., through surveys and mystery customers).⁴⁰

The number of complaints received in 2018 (3,145) are significantly down on 2017 (-26.7%). The main reasons for complaints were delays and pricing and indemnification policies.



¹ The most recent available data are for Q2 2018

Trains - Germany

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.

³⁹ Punctuality and passenger satisfaction scores cannot be compared with the previous year because TrainOSE was acquired in the fourth quarter of 2017. Furthermore, punctuality monitoring was suspended in July 2018 to update monitoring procedures.

⁴⁰ Monitoring was carried out in accordance with the UNI EN 13816/2002 standard for "Transport, Logistics and Services - Public passenger transport. Service quality definition, targeting and measurement."



Buses and trams

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

Bus and tram service satisfaction results were consolidated for the first time in 2018, with the necessary streamlining to aggregate the different collection and measurement methodologies, to reflect the Group's overall performance⁴¹.

Objectives are reported in various regional/provincial/municipal service charters specifically for the urban and suburban services.

Data on urban and suburban transport punctuality are substantially in line with performance in the previous year.

ROAD PASSENGER TRANSPORT



PUNCTUALITY (URBAN)

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

+0.3 p.p.

2018 actual: 86.4%
2017 actual: 86.1%



PUNCTUALITY (SUBURBAN)

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

+0.1 p.p.

2018 actual: 87.5%
2017 actual: 87.4%



Legend:  Improved  Stable  Worsened

The Group monitors customers' perceived quality through periodic surveys⁴². These are carried out on public transport pass holders, using customer-assisted telephone interviews (CATIs) and on all passengers through face-to-face interviews and through questionnaires filled out by the interviewees while using the service. During the analysis, customers that expressed a rating of 6/10 or more are considered "satisfied". The published satisfaction scores are a weighted aggregate of results of telephone interviews and face-to-face interviews.

The results for the urban transport service show a general increase in passenger satisfaction.

⁴¹ The data refer to the LPT services of the Busitalia, Umbria and Tuscany regional units and the subsidiaries Busitalia Veneto, Busitalia Campania and ATAF Gestioni.

⁴² CATIs were conducted in June/July 2018 in the areas where Busitalia operates, CAPIs (computer assisted personal interviews) were conducted in tourist-destination cities in June/July and in November/December, passengers filled out questionnaires in all the areas where Busitalia and its subsidiaries operate. The interviews were conducted by Mediatrica-MG Research on a total of 5,625 suburban transport passengers and 9,241 urban transport passengers (aggregate data).



URBAN

**OVERALL SCORE****+3.5 p.p.**2018: 86.3%
2017: 82.8%**SERVICE REGULARITY****+3.7 p.p.**2018: 74.1%
2017: 70.4%**CLEANLINESS****+3.8 p.p.**2018: 75.8%
2017: 72.0%**COMFORT****+0.8 p.p.**2018: 74.5%
2017: 73.7%

On the other hand, there was a slight drop in the satisfaction of suburban transport passengers.

SUBURBAN

**OVERALL SCORE****-0.3 p.p.**2018: 84.9%
2017: 85.2%**SERVICE REGULARITY****-0.5 p.p.**2018: 74.4%
2017: 74.9%**CLEANLINESS****+1.9 p.p.**2018: 69.4%
2017: 67.5%**COMFORT****-2.8 p.p.**2018: 76.3%
2017: 79.1%

Legend: Improved Worsened Stable

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.

6,999 complaints were received in 2018, a 10.2% increase on 2017. Specifically, urban transport complaints were up (+13%), while the number of suburban transport complaints was down (-2%).

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.

CLASSIFICATION OF COMPLAINTS RECEIVED (%)

URBAN



SERVICE REGULARITY

+1.3 p.p.

2018: 39.1%
2017: 37.8%



COMPANY/CUSTOMER RELATIONSHIP

+0.1 p.p.

2018: 18.0%
2017: 17.9%



PUNCTUALITY

2018: 8.5%
2017: 8.5%



COMFORT

+1.2 p.p.

2018: 6.0%
2017: 4.8%



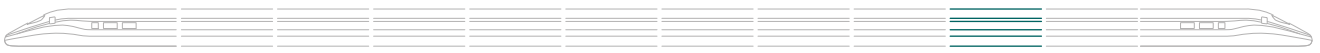
PASSENGER INFORMATION

-2.7 p.p.

2018: 4.9%
2017: 7.6%



Legend:  Improved  Stable  Worsened



CLASSIFICATION OF COMPLAINTS RECEIVED (%)

SUBURBAN



SERVICE REGULARITY

+3.7 p.p.

2018: 39.0%
2017: 35.3%

PUNCTUALITY

-1.7 p.p.

2018: 25.8%
2017: 27.5%COMPANY/CUSTOMER
RELATIONSHIP

+4.1 p.p.

2018: 20.6%
2017: 16.5%

COMFORT

-3.6 p.p.

2018: 20.2%
2017: 23.8%

PASSENGER INFORMATION

-1.2 p.p.

2018: 4.6%
2017: 5.8%

Legend:



Improved



Stable



Worsened

Netherlands

The passenger satisfaction monitoring system includes a national "OV barometer"⁴³ survey covering all routes (regional and urban transport) and concession operators. Approximately 90 thousand passengers were interviewed in the year.

In Utrecht and Groningen, the overall satisfaction rate was 7.7, slightly higher than the national average of 7.6 (on a scale of 1 to 10). The satisfaction scores for other parameters surveyed are also equal to or above the national average:

- › satisfaction with punctuality was rated 7.2 for the "Groningen Drenthe" concession and 7.1 for the "Utrecht (U-OV)" concession, in line with the national average (7.2);
- › price satisfaction was rated 7.0 for both concessions, above the national average (6.7);
- › satisfaction with public information was 8.1 for the "Groningen Drenthe" concession (0.2 higher than the national average) and 7.9 for the "Utrecht (U-OV)" concession (the same as the national average of 7.9).

6,803 complaints were received in 2018, and they mainly related to service quality and company/customer relationships.

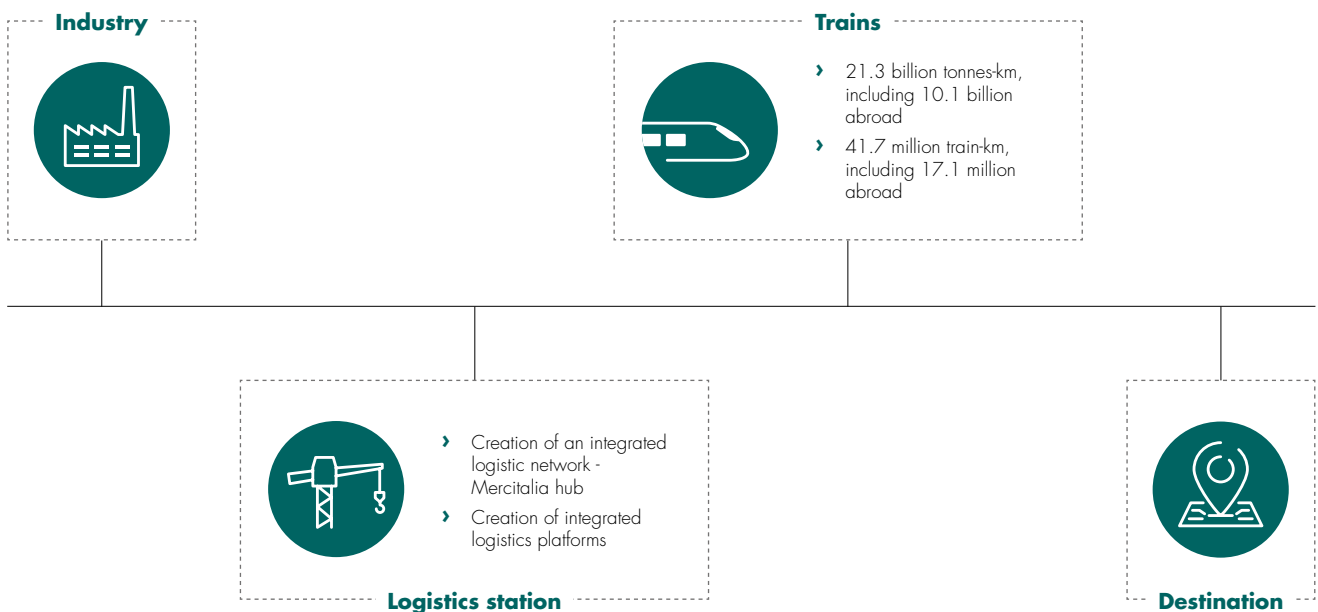
⁴³ "OV-Klantbarometer" is the name of the national survey conducted by a third party to gather feedback from public transport passengers (urban and regional). Passengers may score the various aspects of the service. The survey is conducted annually between October and December on buses, trams, underground trains, regional trains and ships in most of the areas covered by public transport service concession operators.



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 offer⁴⁴ 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:

⁴⁴ 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;

NATIONAL FREIGHT TRANSPORT



INDUSTRY

Services for steel, chemicals and automotive chains



INTERMODAL

Complete selection of railway and logistics solutions dedicated to the transport of containers, mobile homes, semi-trailers and lorries



GENERAL FREIGHT

Transport for the manufacturing and work site industry, produced for large-scale distribution and military transport

INTERNATIONAL FREIGHT TRANSPORT



At international level, the Group offers logistics and rail solutions in Austria, Denmark, France, Germany, 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



Mercitalia Fast: high-speed freight transport



In 2018, the Mercitalia hub launched the new **Mercitalia Fast** train, the world's first high-speed freight train.

The first railway route began operating in November

and connects **Maddaloni/Marcianise (CE)** with **Bologna Interport** both ways every night, in only **3 hours and 30 minutes**, on the HS/HC line at an average commercial speed of 180 km/h, three times the speed of a lorry.

The new Mercitalia Fast service was designed for time-sensitive product transport, for customers like express couriers, logistics operators, producers and distributors, and is tailored to e-commerce operators. Freight travels on board an ETR 500 configured for 12 cars with a load capacity equal to 18 lorries or two Boeing 747 Freight aeroplanes. The freight is transported securely inside practical roll containers that are easy to move. Moreover, Mercitalia Fast will **cut carbon dioxide emissions by 80%** compared to road transport.

Customers are the Mercitalia hub's most important stakeholders. Putting customers first, along with their needs and expectations, led the company to undertake a customer satisfaction project in 2018, which it will build upon in 2019.

The Group demonstrates customer centrality by:

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

In particular, in spring 2018, Mercitalia Rail⁴⁵ launched a pilot project to measure delivered service quality. Satisfaction with the service was found to be sufficient, but with room for improvement (64% in 2018⁴⁶ compared to 61% in 2016: +3 p.p.).

In 2018, to increase reliability and customer loyalty, Mercitalia Rail completely rehailed its customer service structure, the company's only front line on the market, to respond to customers in relation to operations (track & trace and short-term rescheduling) and documents (carrier letters, complaints and reorders).

The new customer service organisation is geared more towards the management of international traffic and also offers around-the-clock service for better assistance.

Overall satisfaction with the service quality of MIL's "Transport and Multimodal Logistics" business unit was also higher than average (rising from 7.67/10 in 2016 to 8/10 in 2018).

The highest customer satisfaction scores that Mercitalia Intermodal received were for the availability and professionalism of its offices (7.3/10), while booking management and some of the logistics services showed room for improvement.

The Group is also committed to scrupulously managing complaints in order to more rapidly respond to customers in the freight segment. It received 1,271 complaints in 2018, down on 2017 (-12%).

⁴⁵The Mercitalia Group's first railway company resulting from the demerger of Trenitalia's "Freight" business unit.

⁴⁶In 2017, customer satisfaction was not analysed because the freight hub was being restructured.



PROMOTING SAFETY

416-1 416-2

Not only is the safety of people a priority for the Group, but it is a strategy as well, and one that translates into a daily commitment to ensuring 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 2018 amounted to:

- › approximately €3 billion in infrastructure (+10.9% on 2017, net of the investments of Anas group);
- › approximately €407 million in the transport segment (+7.7% on 2017).

Railway passenger transport - train traffic safety

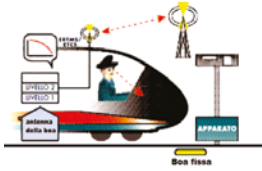
The Group devotes utmost attention to the train traffic safety of the various client railway companies that offer passenger and freight transport services on the network spanning over 16,700 km (with roughly 2,200 stations⁴⁷).

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

⁴⁷ Systems with active/possible passenger services.

TECHNOLOGIES FOR NETWORK SAFETY

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.

709
Km of line

SCC, SCC - AV, SCC - M e CTCSCC - M and CTC



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

Centralized Traffic Control (CTC) allows for the remote management and regulation of lines and stations from central posts ("PC").

These systems make it possible for operators to supervise the position of the train along the network within the railway system in real time.

12,953
Km of line

SSC



The driving support system (SSC) 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. 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.

3,831
Km of line

SCMT



The train speed control systems (SCMT) 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.

12,273
Km of line

GSM-R



GSM-R (R stands for railway) permits both traditional voice and data communications and the exchange of information between the most advanced technological systems for signalling and traffic control.

11,580
Km of line

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.

Safety diagnostics



The **Dia.Man.Te** train (which takes its name from the Italian for **Diagnostics and Technological Maintenance**), the most technologically innovative of its kind, has brought speeds up to 330

km/h. The system architecture is based on sensors and data acquisition units distributed throughout the entire train to retrieve data on all rolling stock. Once retrieved, the data are sent to the various operator stations where they are viewed, processed, stored and possibly printed using the display, processing and storage unit.

The data, measurements and lists of faults are stored on each display, processing and storage unit and uploaded to an on-board database at the end of each day where they may be forwarded in bulk via wireless connection

or the RFI Intranet to equipped stations or via the GSM/GPRS/UMTS/HSDPA network on the ground for additional processing and uploading to InRete2000, RFI's maintenance information system, accessed by all relevant maintenance operators.

On the other hand, material faults, considered "irregularities in progress", are identified in real time. They are validated by the operator and immediately sent (via Wi-Fi/GSM-R/Intranet) to the Infrastructure Operating Centres, the maintenance managers and the maintenance information system for immediate repair.

All measured data are associated with the geographical position, progressive distance in km, code of the technical site that unequivocally divides the tracks into technical sections and towns and the GPS coordinates measured by the on-board GPS system.

In addition, to safely and reliably guarantee full network availability, the Group regularly carries out routine and non-routine infrastructural maintenance.

Routine maintenance aims to limit the normal infrastructural deterioration and is carried out both cyclically, at prearranged intervals, and to resolve any critical issues⁴⁸.

Non-routine maintenance is planned and carried out for the renewal/replacement of subsystems or their parts, in order to improve reliability, productivity, efficiency and safety.

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"⁴⁹) at European level and national reference values ("NRV"), based on historical data⁵⁰.

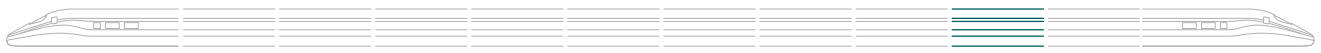
The table below shows the Group's actual safety data for 2018 compared with certain common safety targets (unit of measure expressed in FWSI⁵¹ on a graduated scale).

⁴⁸ These activities are regulated by contracts as part of the Government Programme Contract-Services, amounting to €890 million per year, including 2018.

⁴⁹ Common Safety Targets

⁵⁰ National Reference Value: specific value assigned to the railway system of each member country based on the various CST.

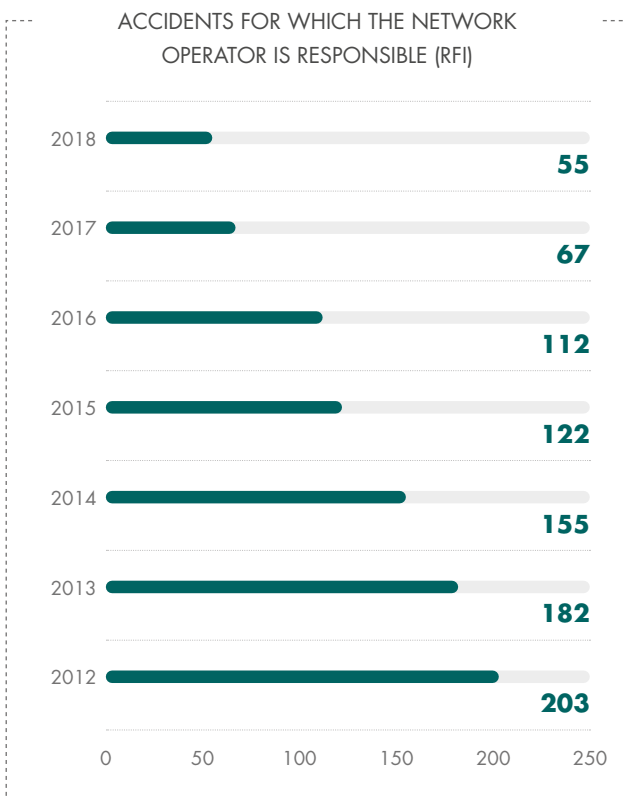
⁵¹ Fatalities and Weighted Serious Injuries ("FWSI")



COMMON SAFETY TARGETS					
Risk category	Unit of measure	Graduated scale	Targets		Actual
			CST Common ($\times 10^{-9}$)	NRV Italy ($\times 10^{-9}$)	RFI cumulative ($\times 10^{-9}$)
Passengers	Number of passengers FWSI per year calculated based on serious accidents/passengers train-km per year	passengers train-km per year	170.00	38.10	31.94
	Number of passenger FWSI per year calculated based on serious accidents/passenger-km per year	passenger-km per year	1.65	0.257	N.A.
Employees or contract companies	Number of employee FWSI per year calculated based on serious accidents/number of train-km per year	train-km per year	77.90	18.90	10.48
Users of railroad crossings	Number of users of railroad crossings FWSI per year calculated based on serious accidents/number of train-km per year	train-km per year	710.00	42.90	8.28
Other people on the platform	Annual number of FWSI to people classified as "Other" due to serious accidents/number of train-km per year	train-km per year	14.50	6.70	0.28
Other people not on the platform					
People crossing the tracks inappropriately	Number of FWSI to people per year calculated based on serious accidents/number of train-km per year	train-km per year	2,050.00	119.00	182.63

The analysis by type of accident shows that the number of "significant accidents"⁵² increased in 2018 (+14 on 2017) which correlates, in particular, with "Injuries involving moving rolling stock" and "train collisions with obstacles on the tracks (+4)", while "accidents at railroad crossings" are down (-8). In all three cases, the reasons for the changes are largely outside the scope of the railway system (approximately 86%), therefore, due to the conduct of people interacting with the railway system in violation of current railway laws and regulations.

⁵² According to the definition provided by EUAR (European Union Agency for Railways): 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, depots, the environment or damage exceeding €150,000 are excluded. "Extended traffic disruption" is a traffic disruption on a section of line for six hours or more.



As shown in the table below, 74 deaths and 89 serious injuries were caused by significant accidents (at the date of this report⁵³). The considerable increase on 2017 is mainly due to the derailment of a Trenord train near Pioltello. The accident occurred on 25 January 2018 and involved the railway company Trenord S.r.l.'s regional train no. 10452, causing the death of three passengers and injuring others. Criminal proceedings are pending before the Milan court in which the Public Prosecutor has investigated the company, Trenord S.r.l. and RFI S.p.A., in addition to some of their representatives and employees.

The total number of accidents for which the Group was directly responsible, including "significant" accidents as defined by the EUAR, and "minor" accidents, have decreased since 2012.

The consequences for people involved in significant accidents is shown in the table below:

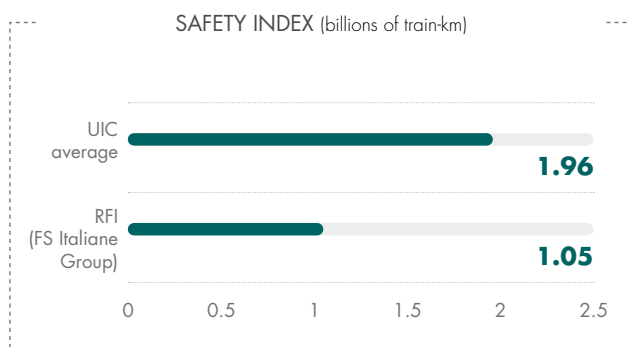
HARM TO PEOPLE				
Type	Deaths		Serious injuries	
	2018	2017	2018	2017
RFI employees (including contract companies)	2	2	6	1
Railway company employees	1	0	2	0
Passengers	4	2	58	3
Users of railroad crossings	3	6	0	4
People crossing the tracks inappropriately	64	43	22	27
Other people on the platform	0	0	1	0
Other people not on the platform	0	0	0	0
Total	74	53	89	35

⁵³ Last updated on 4 March 2019 - 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.



The Group monitors safety performance, also in accordance with the UIC⁵⁴, 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).



As shown in the chart⁵⁵, the Group's Safety Index is much lower than the UIC average, confirming its network's⁵⁶ position as one of the top performers in terms of safety.

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.

⁵⁴ Typical accidents according to the UIC are: collisions, derauling, fires involving rolling stock, accidents involving dangerous goods and involving at least one rail vehicle in motion (train, shunting vehicle, work vehicle) during operations and that caused a significant accident. They exclude accidents in which people are hit, injuries to people as they unduly board/deboard trains in motion, suicides and attempted suicides.

This classification is regardless of injuries and its purpose is to measure the intrinsic safety of railway systems, assigning less weight to accidents caused by conduct in violation of railway regulations.

⁵⁵ Source: UIC Safety Report 2018 - Significant Accidents 2017.

⁵⁶ Network operated by RFI S.p.A.

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.

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 main safety initiatives are part of the “Vergilius” system to control respect for speed limits, install new scrolling information panels, video cameras and weather stations to improve safety standards throughout the network that the Group operates. Furthermore, the Group remains committed to improving passive road safety. To guarantee the best passive safety conditions for all road users, the Group has begun eliminating any breaks in the strip and pole guardrails, with the development of continuous safety devices featuring specific protection for motorcyclists.

Since 2015, in a break with the past, the Group began a vast scheduled maintenance programme, allocating roughly 45% of resources. In 2018, spending for maintenance increased to improve user safety and comfort.

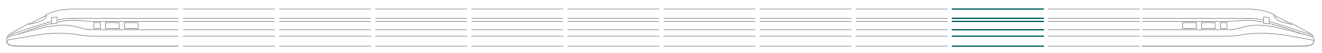
However, this commitment is not sufficient, since over 90% of accidents are due to the driver’s conduct and, as data for recent years show, distraction is the greatest driver safety risk factor. To reduce the impact of this factor, the Group holds awareness campaigns to promote a culture of safety.

Promoting road safety



The “Just drive when you drive” campaign is the slogan of the Group’s 2018 road safety campaign in partnership with the Ministry of Infrastructure and Transport and the State Police to spread awareness about the importance of being prudent and focused at the wheel.

The 2018 road safety campaign is devoted to the risks of distraction, bad driving habits and violating the traffic code.



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 2018, over €1.5 billion was invested in road infrastructure maintenance, specifically for scheduled maintenance work mainly to restore the road surface and foundations, as well as road signs, recondition and update bridges, viaducts, tunnels and barrier walls, repair slopes and sides and rehaul technological and lighting systems. Routine maintenance included snow removal, grass cutting, repair of localised sections of asphalt and guardrails, cleanliness of the road top, appurtenances, artworks, in addition to hydraulic works and urgent road work.

Two significant projects began on systems: "Smart Road" to equip roads with sensors and video cameras to update drivers in real time with crucial road information, like weather forecasts, traffic and road conditions; "Green Light" to replace electricity and lighting systems (in tunnels and outdoors) with last-generation, highly energy-efficient and low-environmental impact devices designed to offer more visibility in low-light conditions or during the night.

The Group has started conducting quarterly inspections of bridges and viaducts using special apps and tablets to monitor company assets. These inspections have already covered nearly all bridges and/or viaducts in the network (93.4%).

Safety of road passenger transport

Safety is fundamental for road transport. Investments in this respect include the gradual updating of the fleet with vehicles fitted with video surveillance and active safety systems (tyre pressure control, brake assist, distance sensor, lane assistant, etc.) in addition to passive ones (crash protection, on board fire prevention system, etc.), and automatic vehicle monitoring (AVM).

Safety of freight transport

Safety is extremely important to the Mercitalia Group for a variety of reasons:

- › the widespread and complex organisation of the companies that comprise the hub;
- › the particularly heavy operations that could pose a risk to the health and safety of workers, the community and the environment;
- › the need to integrate business and economic sustainability targets without ever overlooking safety.

This is why all the hub companies have formalised safety, sustainability and organisational wellbeing policies based on four pillars:

- › commitment to involving personnel at all organisational levels and holding them accountable through the definition of specific positions with responsibilities for systematic safety management;
- › risk prevention and reduction of undesired effects through innovative systems and advanced technologies;
- › periodic control of activities to monitor the progress of mitigation actions under way and any updates in the actions following changes in the context;
- › competitive differentiation as a strength with end customers and stakeholders.



All the companies in the Group consider operating safety as a crucial factor in railway culture, a binding and fundamental requirement and strategic area for the development of its business.

This is why it has invested substantially and launched strategic projects, such as “Smart Train” to build a train that uses on-board digital technologies to automate a series of processes covering operating safety, maintenance logic, terminal operations and railway operations. For this project, train drivers will be given tablets where they will receive data, in real time, forwarded through a series of antennas installed on the middle carriages.

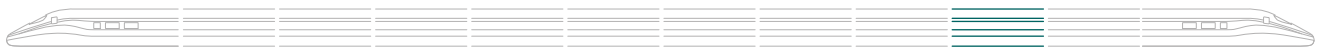
The project provides for the development of an information derailment detection system (IDDS), which notifies conductors if a carriage derails. Another advantage for operator safety will be the automation of operating procedures to prepare trains (brake testing and preparation of travel documentation) which will reduce any human errors.

SECURITY, INFORMATION SECURITY AND PRIVACY

Security

The security and protection of personnel, passengers/ users, assets and know-how are essential for the Group.

The Group constantly invests to guarantee and monitor travel safety and the security of the networks 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	2018	2017	2016	% Change 2018/2017	Trend 2018/2017
Assaults on railway personnel	382	463	436	-17.5%	↗
Thefts at the station	1,579	1,746	1,724	-9.6%	↗
Thefts on board trains	2,710	3,206	2,794	-15.5%	↗
Copper thefts during operation	354	484	557	-26.9%	↗
Copper thefts at depots	17	5	11	+240.0%	↘
Total	5,042	5,904	5,522	-14.6%	↗

Nearly all security indicators improved, highlighting the success of the Group's prevention and mitigation measures. In particular, in 2018, there were:

- › 2,710 thefts suffered by passengers on board trains, down 1% on 2017;
- › 1,579 thefts suffered by passengers at stations, down 10% on the previous year (2017: 1,746 thefts).

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

- › 27% decrease in thefts of copper along the line compared to the previous year (2017: 484 thefts along the line; 2018: 354 thefts);
- › 50% decrease in kg of material stolen compared to the previous year (2017: 196,029 kg of material stolen; 2018: 97,084 kg of material stolen);
- › 26% decrease in the total cost of thefts compared to the previous year (2017: approximately €1.9 million; 2018: approximately €1.2 million).

The Group continued to work with the National Civil Protection Service, signing the second renewal of the agreement between the Group and the Prime Minister's Civil Protection Department. Training was held on "specific railway risks" at the various local centres, with sessions for volunteers in Puglia, Lazio, Umbria and Lombardy.

In addition, two awareness campaigns were held to reinforce collaboration in the planning and management of critical railway issues and emergencies for:

- › Production-Security Unit Managers and emergency management heads of RFI;
- › FS Italiane Group companies' national control room operators.

The Group is also investing in new security technologies to increase all stakeholders' perception of security. These investments include video surveillance systems installed on trains, testing body cameras and emergency buttons on the tablets given to security personnel.

Cyber security

Cyber defence is constantly evolving within FS Italiane Group. The Group has invested substantially in the most modern and effective cyber security technologies to protect the data and information in company systems from known and new threats.

The cyber security operation centre (C-SOC) will begin operating in 2019. It draws on the most sophisticated security technologies to gather, correlate, analyse and manage data on security incidents deriving from FS Italiane Group's IT systems, SCADA (supervisory control and data acquisition) and the IoT, in compliance with regulatory and institutional requirements.

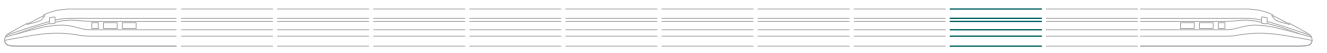
These initiatives are part of a process which aims to bring the Group's IT threat prevention capabilities to the next level of predictive maturity, making it possible to identify potential attacks before they occur through the development of big data security technologies with cognitive ability.

In 2018, the cyber security department managed and neutralised 5,813 attempted attacks detected by the company systems, 60% more than in 2017.

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, 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.



PROTECTING THE ENVIRONMENT

102-15 103-2 103-3

What we have accomplished...

THE GUIDELINES FOR THE APPLICATION OF THE LIFE CYCLE ASSESSMENT

to railway infrastructure projects have been finalised

The Group headed the buildingSMART summit in Tokyo for the

DEVELOPMENT OF
OPENBIM SOLUTIONS

(Building Information Modelling)

APPLICATION OF THE
ENVISION™ PROTOCOL

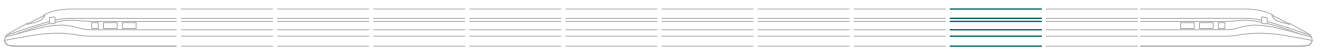
the first rating system for the design and creation of sustainable infrastructures

THE FS ENVIRONMENTAL POLICY

was renewed

A SUSTAINABILITY VALUATION METHODOLOGY

was developed for freight transport services



What we aim to do...

IDENTIFY A METHODOLOGY TO PROMOTE STAKEHOLDER ENGAGEMENT

in order to create an organic tool to plan and manage dialogue with the local areas in the various stages of **a railway infrastructure's life cycle**

COMPLETE THE DYNAMAP PROJECT

developing a dynamic noise mapping system that can record and chart in real time the noise generated by **road infrastructures**

START UP THE SOLAR POWER PLANTS

at the Vicenza ordinary maintenance workshop and the Rome S. Lorenzo current maintenance plant for the high-speed line and the Naples Centrale current maintenance plant with annual production of roughly 1.7 GWh

Progressive conversion of the current

COMPANY CAR FLEET TO ELECTRIC CARS

Ferrovie dello Stato Italiane Group is aware that the long-term success of an organisation must be based on a strategy that prioritises the protection of natural balances.

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 a sustainable mobility plan. Although technological progress is furthering the environmental performance of different types of transport, for example by reducing the emission of pollutants and greenhouse gases by engines, collective passenger and freight transport must be considered a central element in the development of tomorrow's mobility, especially in urban settings, if we are to improve life quality, air quality and safety.

FS Italiane Group's greatest contribution to the creation of an environmentally sustainable development model is that it has given the country an efficient railway transport system that achieves the crucial shift from road and air transport to rails.

To this end, FS Italiane Group is focused on continuously improving the environmental performance of its entire

transport (covering design, construction, management and maintenance of infrastructures and properties) to encourage sustainable choices.

The approach must be based as much as possible on an assessment that highlights the external impacts generated and their variations to calculate the actual result of the service and works in the relevant context.

As it strives for continuous improvement, FS Italiane Group has implemented a set of rules to promote consistent, effective management of environmental issues. The Group companies are required to analyse each life cycle stage throughout the entire value chain, considering the environmental aspects that they control and influence.

Updated in 2018, the environmental policy emphasises FS Italiane Group's commitment to acting as a responsible mobility operator, developing integrated and efficient transport infrastructures and minimising - and if possible eliminating - harmful environmental impacts.



SUSTAINABLE INFRASTRUCTURE

102-11

203-1

203-2

413-1

413-2

Including environmental priorities in highly complex, large-scale engineering projects, such as railway and roadway infrastructures, involves **engaged discussion with stakeholders**. This dialogue, which begins in the initial design stages and continues through infrastructure construction and operation, is maintained with the **awareness that the roads and rails provide an opportunity to enhance the areas they pass through**, encouraging the continuity of the natural landscape and urban context thanks to design solutions that integrate environmental, economic and social objectives.

Life Cycle Assessment



The guidelines for the application of the life cycle assessment to railway infrastructure projects were finalised in 2018. They are an objective tool to track a long-term vision covering all stages in the life cycle of the infrastructure, calculating its carbon footprint based on the calculation of energy and environmental loads.

The Group companies submit projects for the assessment and authorisation procedures required by law, considering the infrastructure's impact on the environment and local area from the initial stages of analysis and design.

The most suitable technical and design solutions are identified starting with the definition of where the tracks will run, the lowest-impact types of works, required mitigation works (in relation to the natural, anthropic and historical-archaeological characteristics of the areas being crossed), depending on the type of traffic, and considering the type and duration of the work-site activities.

For a project to be fully sustainable, it is essential to consider the various aspects of the local area where it will be situated, engage all stakeholders, which should include communications that guarantee their involvement and transparency, and conduct an integrated assessment of environmental, economic and social objectives.

In particular, the design decisions that promote genuinely sustainable solutions are presented in reports that specify **indicators**, such as:

- › in the design stage:
 - › the recycling of excavation material;
 - › the redevelopment and natural reclamation of neglected areas;
 - › the construction of mitigation and offsetting works;
 - › an analysis of the archaeological issues of installing the works in the local area;
- › in the construction stage:
 - › environmental and social monitoring of the extent to which large works involve not only physical resources, but also social, economic and land resources as well, as they fit into the local social/cultural fabric which conditions people, families and social groups.

The skills and experience gained during the design of sustainable works have led to the identification of the **Envision™** protocol as a useful tool for certifying the Group's commitment to finding more effective design solutions in terms of sustainability. It also guarantees a multidisciplinary approach in the design stages of the railway infrastructure through the adoption of methods that allow for the implementation of integrated design, monitoring of the work's full life cycle, reorganisation and automation of the workflows in a collaborative environment.

The design stage is crucial for maintenance that focuses on the conservation and, where necessary, recovery of the structural and functional characteristics of the infrastructures, artworks or individual structures.

In this context, the Group's innovation can be seen in its scientific research and is spread through the sharing of new know-how. **The Group is a pioneering user of the BIM (Building Information Modelling) design method**, a 3D shared design platform which allows for the monitoring of the work's entire life cycle.

Envision™



ENVISION™

Envision™ is the first rating system for the design and creation of sustainable infrastructures. It was created by ISI (Institute for Sustainable Infrastructure), a non-profit organisation created to develop sustainability rating systems for civil infrastructures, in collaboration with Harvard University.

The protocol, which consists of 60 sustainability requirements in the design and creation of sustainable infrastructure based on an analysis grid, can be adapted to any infrastructure development project. It encourages a holistic view of infrastructure development in the area and its long-term sustainability and entails the assessment and certification of the project by an independent body.

BIM



BIM provides a computable depiction of the physical and functional characteristics of a structure and

information related to the entire process, organised in **a single collection** of graphical data, drawings and attributes, technical specifications and charts, facilitating an integrated contract (from the initial concept to the maintenance, transformation, closure and recycling of the work).

For example, in recent years, for road infrastructures, **the concept of the "complete road" has been developed in which all maintenance and technological plant aspects are already planned in the design stage** according to the BIM standard integrating all road infrastructure elements.

Big names at the buildingSMART summit in Tokyo



The buildingSMART International Awards were given out at the summit to recognise the top companies that developed projects using openBIM solution for the design, planning, construction and management of resources.

The 2018 winners in the "Operation & Maintenance Category" included the "The Naples Central Station Project" developed in collaboration with RFI and Grandi Stazioni Rail, which was considered excellent for its innovative use and adoption of BuildingSmart's openBIM standards and solutions.



Also in the railway sector, during the second buildingSMART - International home of openBIM summit of 2018, organised by buildingSMART International⁵⁷, the Group participated in the Railway Room, in which major international infrastructure operators discussed the creation and adoption of digital openBIM standards to improve the design, construction and management of resources and company assets, establishing a universal approach to cooperation.

For additional information about infrastructure design, 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).

Polcevera viaduct: Italferr is awarded the executive design contract



The design for the "Polcevera" viaduct in Genoa will be based on the architectural concept developed by Renzo Piano's firm.

⁵⁷ International standardisation organisation that aims to improve information sharing between software applications through Open BIM.

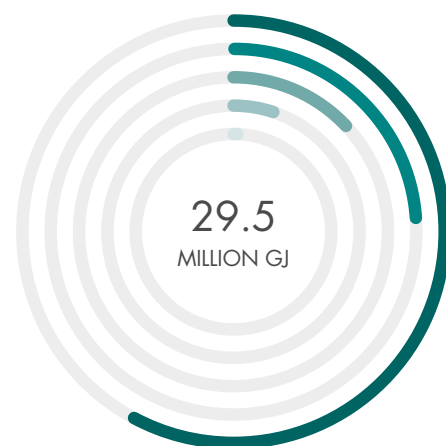
ENERGY AND CLIMATE CHANGE

203-2 302-1 302-3 302-4 302-5 305-1 305-2
305-4 305-5 305-7 416-1

FS Italiane Group makes it a priority to monitor the volumes of energy used in its environmental accounting. In 2018, final consumption totalled 29.5 million GJ, with electricity accounting for approximately 71%, considering energy for traction and other uses (e.g., lighting infrastructure, offices and stations, vehicle maintenance at workshops, etc.), followed by diesel (24%) and natural gas (5%) far behind. Electricity and diesel for railway traction account for over 70% of energy use, with other uses consisting of electricity, heating and road transport.

Total energy consumption rose on the previous year by roughly 10%, partly due to the larger volume of higher quality services and partly to the inclusion of Anas, TrainOSE and Qbuzz in the reporting scope.

TOTAL FS GROUP FINAL ENERGY CONSUMPTION



● **58%**
Electricity for railway traction

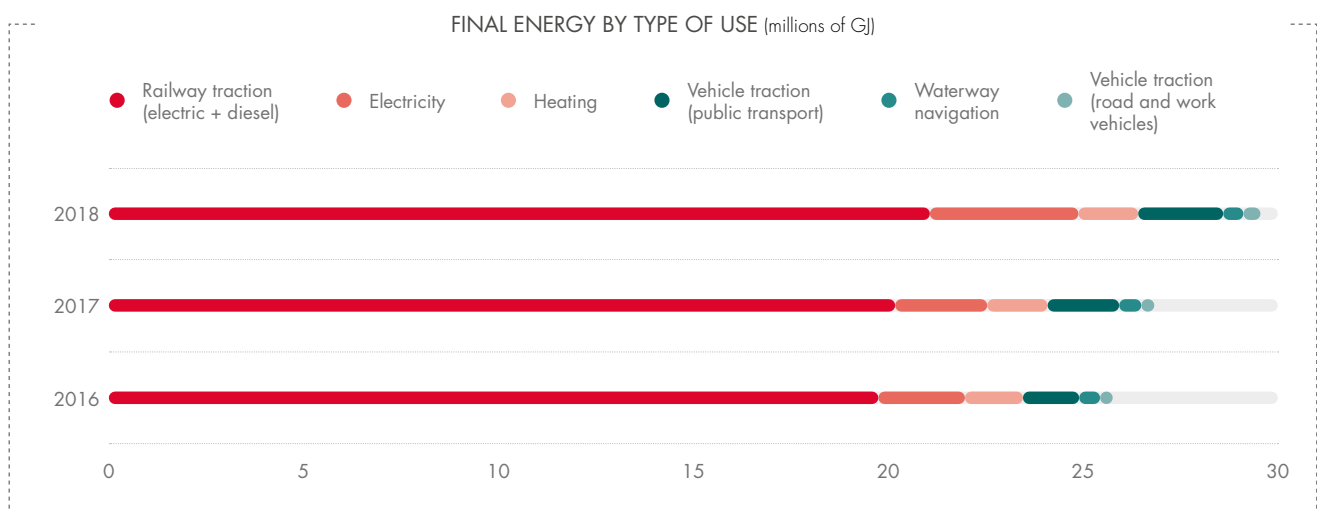
● **24%**
Diesel

● **13%**
Electricity for other uses

● **5%**
Natural gas

● **0.1 %**
Other (*)

(*) Heat, fuel oil, petrol and LPG



The analysis of energy by source shows a growing trend in consumption for all types, except natural gas, with the new companies' specific type of business having a particular impact on consumption. Electricity for non-traction uses showed the most significant growth on the previous year in absolute terms (+1.45 million GJ) and as a percentage (+61%), mainly for two reasons: the inclusion of Anas in the scope of the consumption calculation and the increase in diesel, up by nearly 1

million GJ, which the Group's new transport railway and road companies use.

⁵⁸ GSE, 2017 statistics, renewable sources
https://www.gse.it/documenti_site/Documenti%20GSE/Rapporti%20statistici/Rapporto%20Statistico%20FER%202017.pdf

Total FS Group energy consumption	Unit of measure	2018	2017	2016	2018-17 % change
Electricity for railway traction	GJ	17,012,650	16,665,851	16,368,857	2%
Electricity for other uses	GJ	3,811,347	2,362,673	2,222,208	61%
Diesel	GJ	7,040,029	6,042,206	5,501,967	17%
Natural gas	GJ	1,631,371	1,665,663	1,582,828	-2%
Other (*)	GJ	24,817	23,203	24,239	7%
TOTAL	GJ	29,520,215	26,759,596	26,700,099	10%

(*) Heat, fuel oil, petrol and LPG

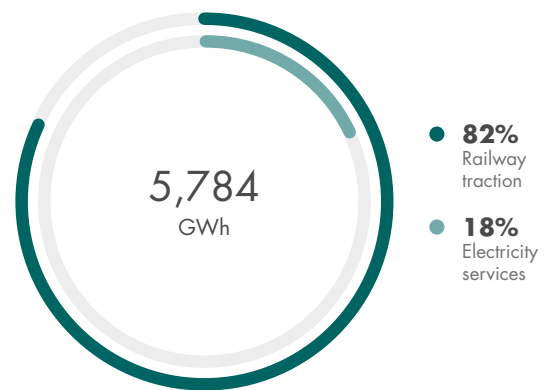


An examination of use by individual source shows how railway transport affects the two main types of energy (electricity and diesel). However, roughly 90% of journeys are operated on electrical lines, with only a small portion powered by diesel, which improves energy efficiency and creates immediate benefits from the production of energy from renewable sources (which currently accounts for 35% of national energy production⁵⁸).

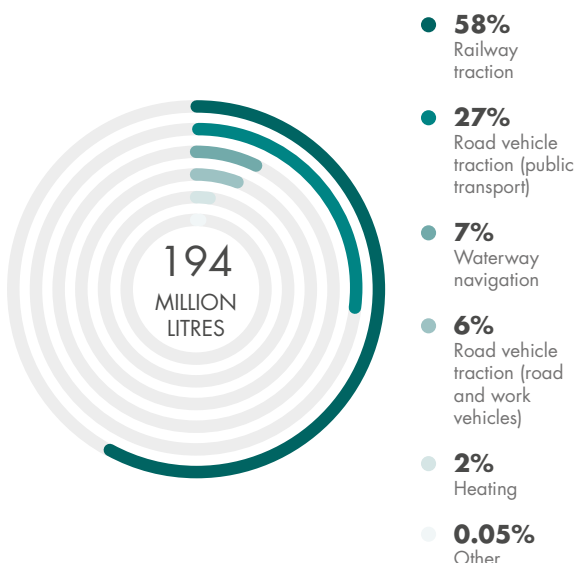
Railway traction accounts for over 80% of total electricity consumption, equal to 5,784 GWh, and 58% of the 194 million litres of diesel used. Other transport services make up nearly all remaining diesel consumption: 27% for road transport and 7% for shipping.

Unlike the energy sources discussed above, natural gas is mainly used for heating (over 80%) and only residually for transport, exclusively for the road transport fleet (approximately 19%). Total natural gas consumption volumes in 2018, amounting to approximately 47.6 million cubic metres of gas, are in line with the previous year.

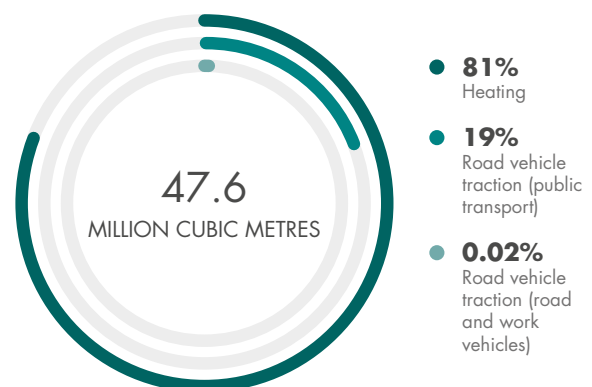
ELECTRICITY



DIESEL

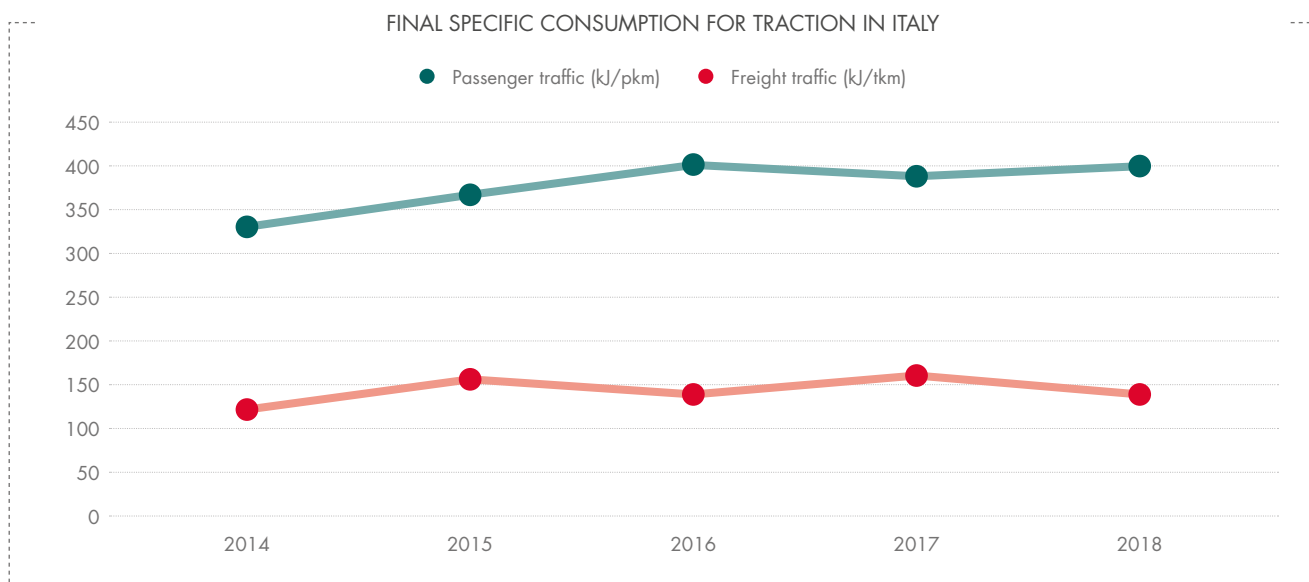


NATURAL GAS



In recent years, final specific consumption for railway traction in Italy has performed within a narrow range of values, both for passenger and freight transport. Various factors affect specific consumption, including the characteristics of the transport, their routes and their use,

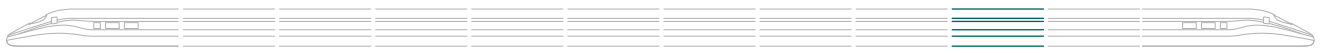
the variability of which can lead to changes from one year to the next. In general, the commitment is to focus on a higher-quality service with better environmental performance.



To this end, rolling stock for passenger transport has been significantly upgraded in terms of the service offered, which increases demand for energy per passenger-km. As a result, measures to reduce consumption and maximise efficiency have been taken. One example is the Frecciarossa 1000, specially designed with lighting and braking energy recovery systems for multiple environmental benefits. Since 2019, the new regional Pop and Rock trains will be rolled out. They were designed to consume up to 30% less energy compared to previous generation trains. The market has recognised the excellent environmental performance of this new generation of trains, enabling the Group to issue a Green Bond⁵⁹.

With regard to consumption per tonne-km, the reorganisation of the Group's freight segment, which started in 2016, has led to changes in traffic and the modes of transport used, with repercussions on specific consumption as well.

⁵⁹ See the paragraph on the Green Bond



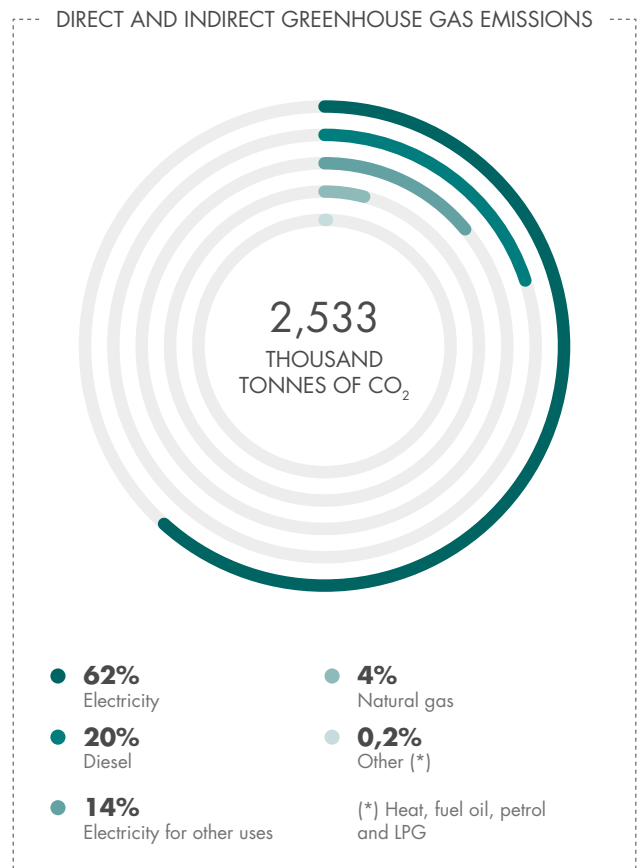
Direct and indirect greenhouse gas emissions	Unit of measure	2018	2017	2016	2018-17 % change
Electricity for railway traction	tCO ₂	1,575,625	1,591,363	1,527,104	-1%
Electricity for other uses	tCO ₂	342,705	219,818	201,609	56%
Diesel	tCO ₂	518,698	444,984	406,537	17%
Natural gas	tCO ₂	94,119	95,351	90,167	-1%
Other (*)	tCO ₂	1,754	1,640	1,721	7%
TOTAL	tCO₂	2,532,901	2,353,156	2,227,139	8%

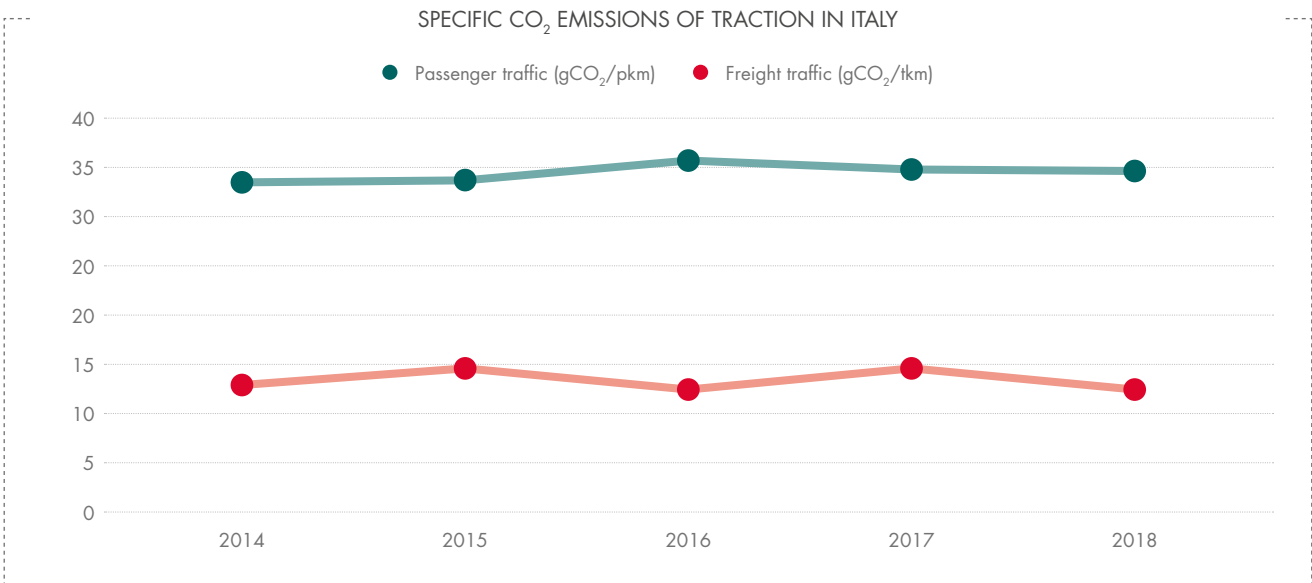
(*) Heat, fuel oil, petrol and LPG

Greenhouse gas emissions reflect energy consumption. Between 2017 and 2018, as a whole, FS Italiane Group produced 179,745 tonnes more CO₂ (+8%) for a total of 2,532,901 t. The most substantial increases are due to greater consumption of electricity for other uses (+56%) and diesel (+17%), partly following the extended scope which includes the new companies beginning in 2018. Emissions from electricity and natural gas consumption for railway traction are down slightly: the reduction in natural gas emissions reflects the decrease in consumption, while the reduction in emissions from railway traction on the electrical network, despite the growth in railway production, is due to the greater impact of renewable sources of energy in the mix of domestic electricity production.

Nearly two-thirds of CO₂ emissions are produced by electrical railway traction, while residual emissions are due to diesel consumption (20%), electricity (14%) and natural gas (4%).

The performance of specific emissions is similar to that of specific consumption: emissions by traffic units for passengers and freight amount to around 35 gCO₂/passenger-km and less than 15 gCO₂/tonne-km, respectively. The former decreased slightly after registering growth between 2014 and 2016, while the latter has remained more or less the same as in the previous two-year period.





The Group is actively committed to promoting and spreading renewable sources and reducing the production of pollutants and greenhouse gas emissions released into the atmosphere. Various group companies are negotiating electricity supply contracts from certified renewable sources, covering up to 100% of the supply. Furthermore, the Group is installing photovoltaic and thermal solar plants at its properties for self-production of the energy they consume. For example, work was completed to install photovoltaic systems at certain Trenitalia plants (Rome, Naples and Venice) for the production of approximately 2 GWh of electricity per year. At the same time, photovoltaic plants are being installed at additional workshops (e.g., Naples and Milan) and are expected to produce roughly 5.7 GWh of solar power per year. Ferservizi has also prepared a ten-year plan for the self-production of energy from renewable sources, which was rolled out in 2018, with the construction of initial works producing a total of approximately 140 MWh. In addition, a mobility management initiative was kicked off to promote responsible commuting choices by employees of FS Italiane Group’s central site. It introduces subsidies for car parks to support sustainable mobility.

Treno Verde travel



Every year, Ferrovie dello Stato Italiane and Legambiente’s historical train travels through the country from north to south, spreading awareness of good environmental sustainability practices.

Stopping in 12 cities, the 2018 train focused on the decarbonisation and innovation process in which all players (institutions, businesses, citizens, etc.) must take part for an increasingly smart & green future.

Mobility plays a vital role in this process, and the sector needs a systematic reorganisation based on more sustainable modes of transport, starting with railway transport, to encourage more environmental choices.



The transport sector is also responsible for the emission of pollutants that are harmful to air quality, with repercussions on the health of people, especially in urban settings, and the environment. Although these emissions in railway transport are considered marginal with respect to other environmental aspects, air emissions must be monitored in any case. Nitrogen oxide and sulphur oxide emissions and particulates are mostly the result of combustion. FS

Italiane Group's road transport companies are committing to renovating the fleet, preferring more modern motors which significantly cut back on emissions that are harmful for the environment and health (CO₂, NO_x, PM): in the near future, a total of approximately 300 new Euro 6, hybrid and electric vehicles will replace the old-generation vehicles, and the Busitalia group's plan forecasts the inclusion of over 2,000 new vehicles by 2023.

Other atmospheric emissions	Unit of measure	2018	2017	2016	2018-17 % change
NO _x	t	8,324	7,428	6,965	12%
SO ₂	t	634	739	775	-14%
PM ₁₀	t	220	191	176	15%



OTHER IMPACTS - Management of water resources

303-1



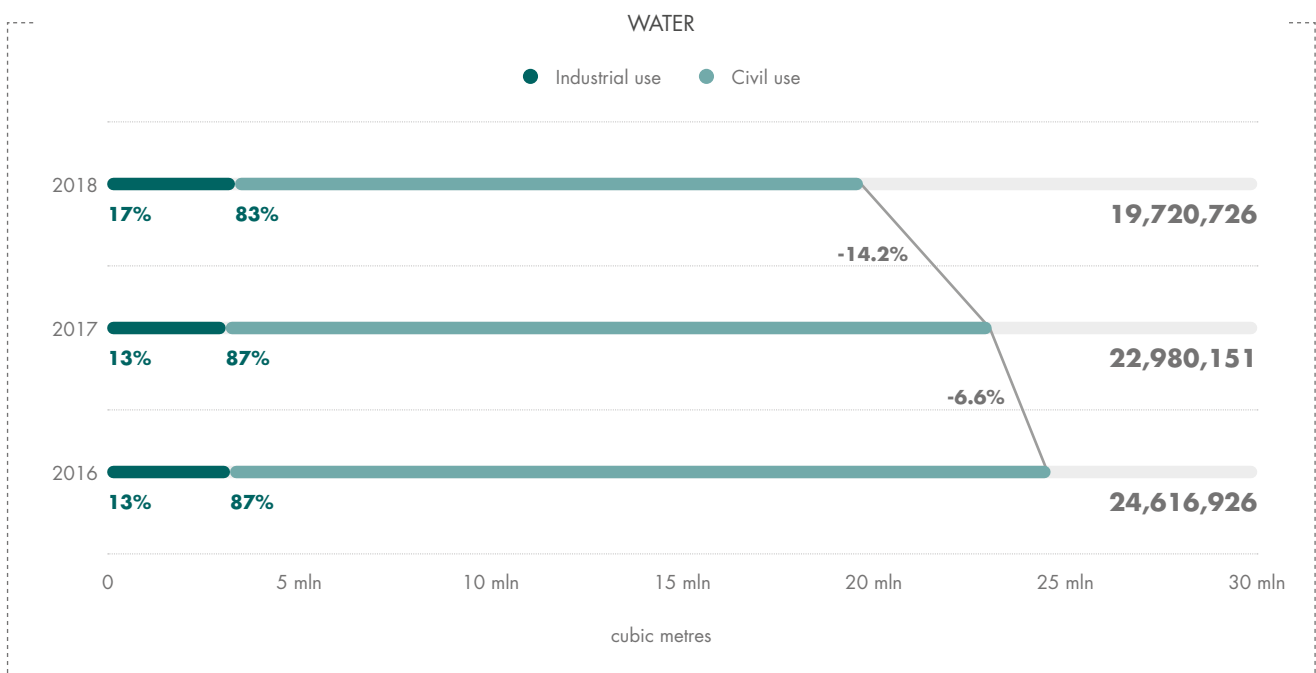
20 MILLION CUBIC METRES
-14.2% on 2017

The Group's core business segments require a limited use of water, which is mostly for civil use (i.e., offices, bathrooms, workshop showers, bathrooms on board trains and drinking fountains at stations). The volumes used for industrial purposes refer to train and bus washing.

The Group companies hold frequent awareness campaigns to inform passengers about the responsible use of water and, for industrial uses, they mainly focus on reducing consumption and efficiently collecting and treating wastewater⁶⁰.

Water consumption decreased by around 15% in 2018 compared to 2017, confirming the improvement trend recorded in the previous year and demonstrating the effectiveness of the water management process, which will continue in forthcoming years with the rationalisation of water supply accounts and the necessary steps to reduce waste.

⁶⁰Water withdrawn for industrial use undergoes a different treatment from that for civil use, considering the specific characteristics of the pollutants.



Waste management

306-2



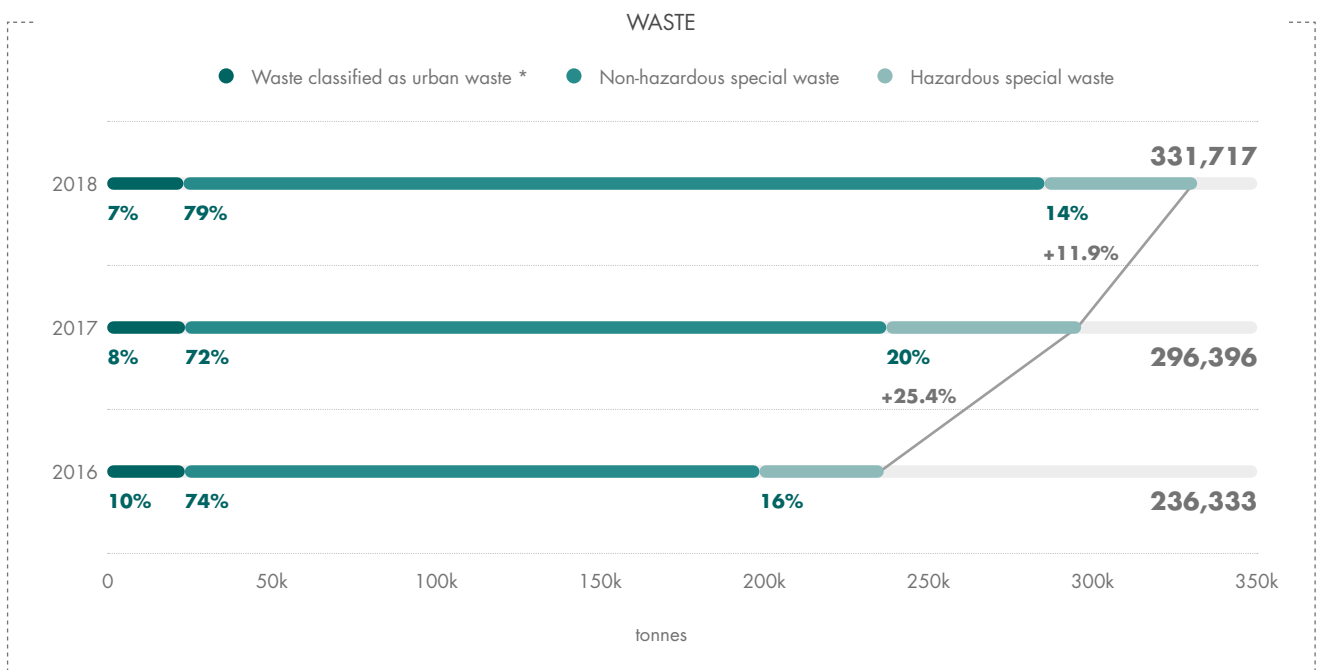
332 THOUSAND
TONNES

Over 95% sent for
recycling

The Group's commitment to managing, monitoring and reducing waste⁶¹ can be seen in its implementation of management models focused on preventing, reusing and recycling waste from industrial activities as part of a circular economy and the search for solutions to improve waste collection systems in passenger services, particularly at stations.

Waste from the infrastructure and transport companies' activities accounts for 99% of all waste produced in 2018 by the Group. The demolition of railway carriages as part of the investments to update and strengthen the freight fleet and the increase in railway infrastructure maintenance increased 2018 waste production by approximately 12% on 2017. The percentage of special waste sent for recycling - mainly iron, steel, cement and wood sleepers - remains approximately 95%.

⁶¹ 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.

Noise management



452 KM

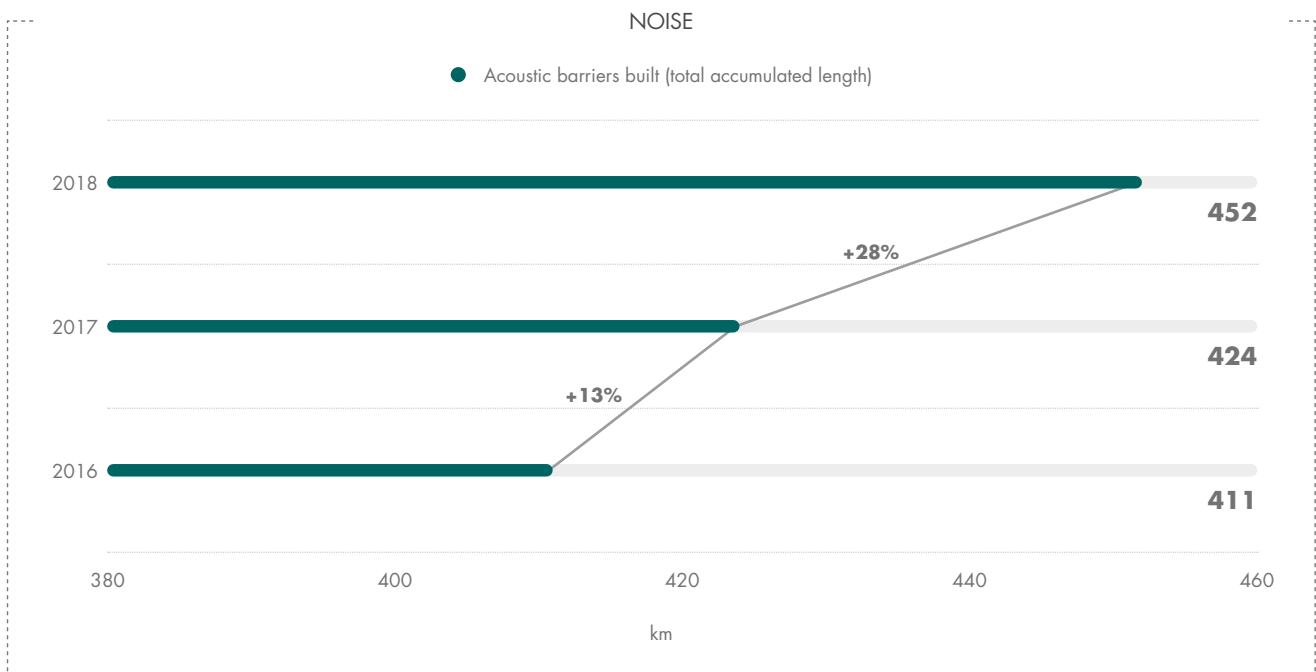
of railway noise dampening barriers in Italy

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.).

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 (solar power, safety, environmental and catalytic).

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:



DYNAMAP project



This project is aimed at developing a dynamic noise mapping system that can record and chart in real time the noise generated by road infrastructures.

Its main objectives are to:

- › automate the noise mapping process;
- › develop low-cost sensors and communication devices to update the map in real time;
- › implement and test the system in an urban agglomerate and on a major road;
- › demonstrate that the automation will speed up the process and reduce costs and staff requirements;
- › improve and facilitate information to the public;
- › check system improvements using sensors that provide information on air quality, weather conditions, etc.



SUSTAINABLE SUPPLY CHAIN

102-15 102-16 103-2 103-3

What we have accomplished...

We have spent

OVER €5 BILLION

for core purchases

with more than 84% from suppliers based in Italy

We have spent

OVER €500
MILLION

for non-core purchases

We have participated in the

ROUND TABLES
PROMOTED BY
RAILSPONSIBLE

an initiative that brings together major railway companies to promote sustainable procurement

We have launched the

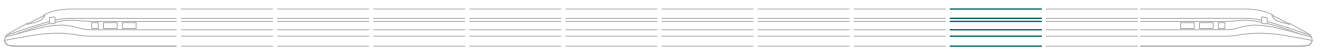
“SUPPLY CHAIN
SUSTAINABLE
MANAGEMENT”

project to improve the Supply chain's performance while reducing environmental and social risks

RECIPIENT OF A 2018
PROCUREMENT AWARD

for “Ethical and Sustainable Procurement”

recognising the best practices of companies in procurement processes



What we aim to do...

Continue working to

IMPROVE THE SUPPLY CHAIN'S SUSTAINABILITY PERFORMANCE

while reducing environmental and social risks

ESTABLISH A TASK FORCE

to implement the **"Supply Chain Sustainable Management"** project with the involvement of the main Group companies

FS Italiane Group negotiates purchases to meet the institutional needs of the Group and its companies in accordance with EU anti-trust directives and the Group's own "Regulation for Negotiations of Ferrovie dello Stato Italiane Group companies", issued on 27 March 2012⁶².

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 new Contracting Code (published with Legislative decree no. 50/2016), and mainly refers to:

- › ISO 14001, ISO 9001 and OHSAS 18001 certification;

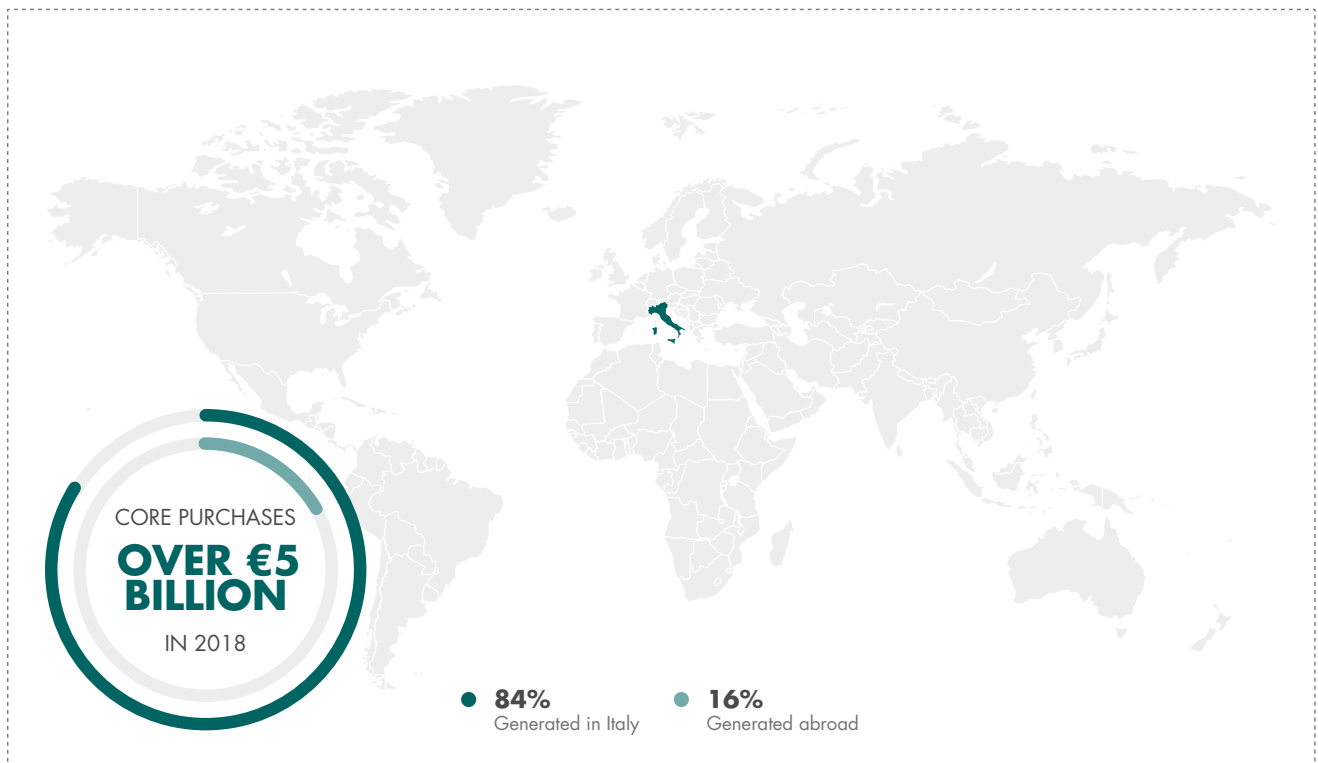
- › the use of ecological materials and product certification;
- › energy efficiency and the use of energy from renewable sources;
- › measures for the protection of health and safety in the workplace.

⁶² The code of ethics is available online in the Group companies' procurement policies.

CREATING VALUE THROUGH SUPPLIERS

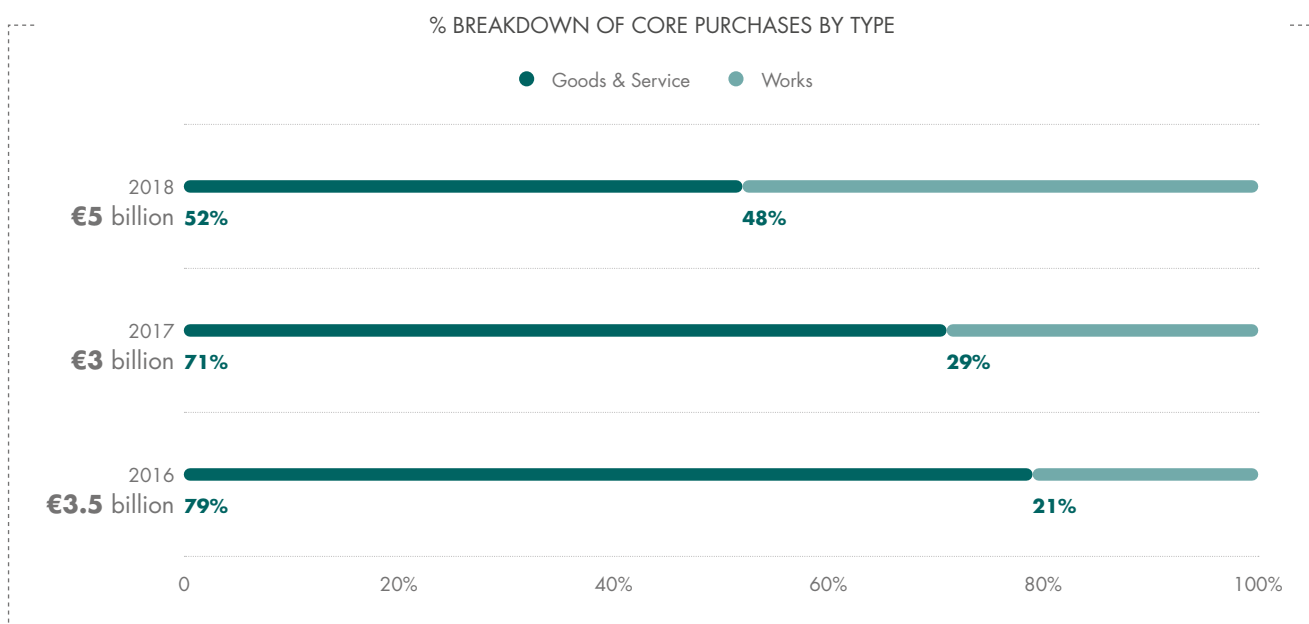
102-9 102-12 204-1 308-1 308-2 414-2

The Group companies' core purchases in 2018 totalled over €5 billion, with more than 84% from direct suppliers⁶³ based in Italy. These suppliers directly and indirectly generate income and jobs throughout the country. In addition, Ferservizi announced calls to tender for more than €500 million in 2018 for non-core purchases, i.e., those not directly related to the Group companies' core business.

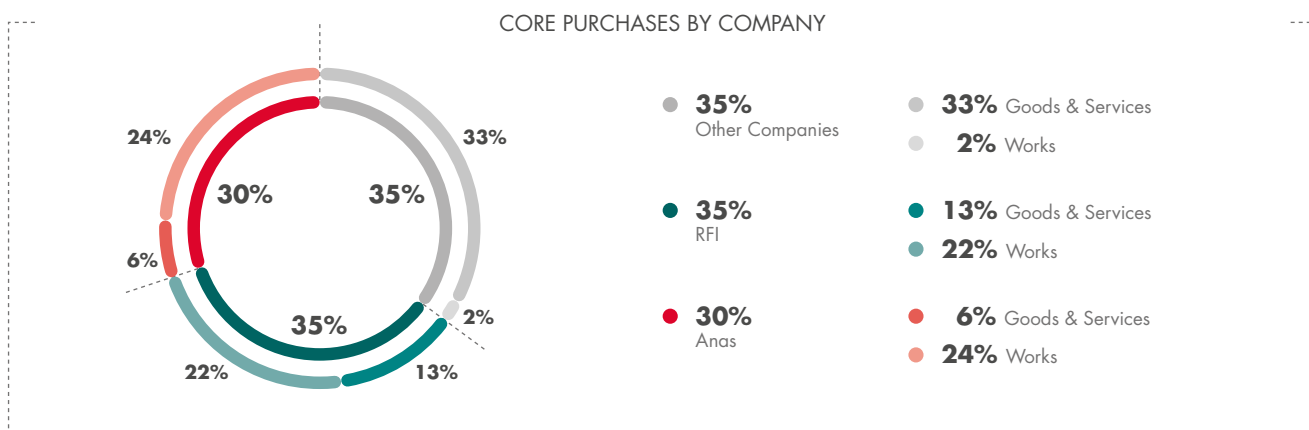


⁶³ Non-group companies with which the Group companies have direct transactions.

The Group's core purchases in the past three years are broken down below by type:



RFI and Anas managed over 60% of purchases⁶⁴. Upon its inclusion in the Group, Anas increased the percentage impact of expenditure for work contracts, and now accounts for more than 20% of work contract spending, which totalled approximately €5 billion in 2018.



⁶⁴This amount refers to invoices issued during the year for the purchase of goods, services and works.



SITE MANAGEMENT AND OVERSIGHT

403-2

During the construction of the infrastructures, 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.



Construction contracts for railway works require the contractors to adopt specific management systems that meet UNI EN ISO 9001 and 14001 and OHSAS 18001 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 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.

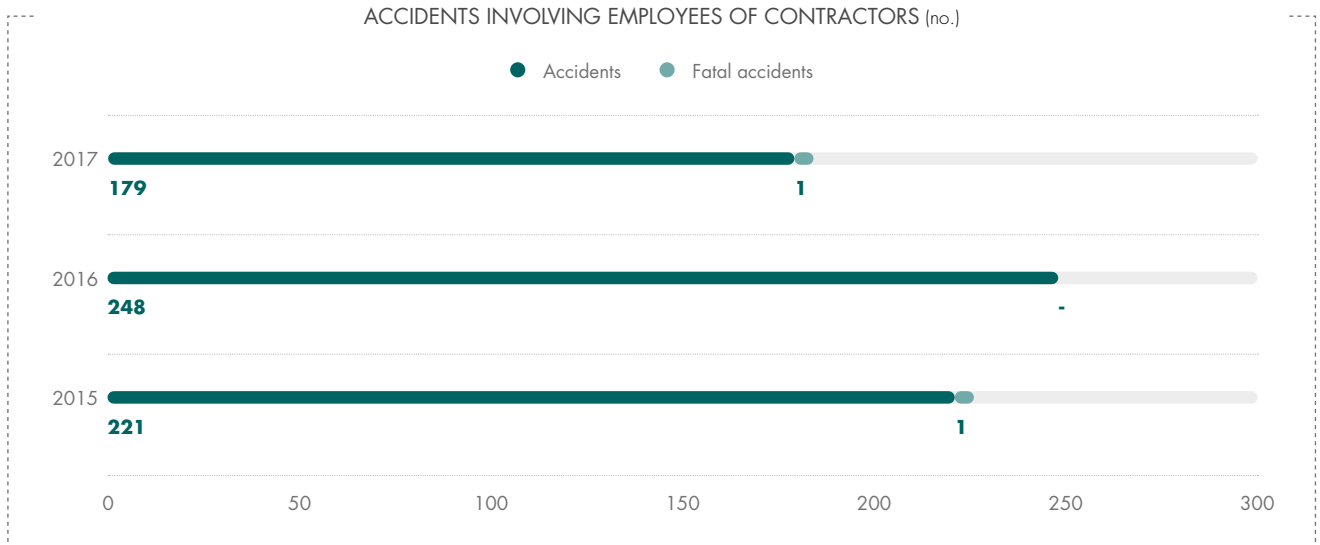
Environmental status monitoring enables Italferr to:

- › 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 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 below⁶⁵:



*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.

⁶⁵ The data refer to sites for civil and technological contracts in which Italferr is involved as Works Management/Coordinator for Works Performance and for the related contracts and new HS/HC lines awarded to general contractors, as well as other general contracts in which Italferr exclusively provides top oversight. 2017 data relate to 102 contracts (92.7% of the total); 2018 data are being processed.

The analysis of data shows that, while Italferr recorded a higher accident frequency rate than the INAIL average, **the seriousness rate is much lower than the corresponding INAIL rate** despite the fatality that occurred at a site for the laying of the double track on the Cervaro-Bovino line. For

details on management oversight of infrastructure sites, refer to the "Sustainability" section of www.fsitaliane.it and the websites of RFI (www.rfi.it), Anas (www.stradeanas.it) and Italferr (www.italferr.it).

PROMOTING SUSTAINABILITY

102-12

In 2018, the Group continued to pursue its commitment to improving supply chain management by **administrating a self-assessment questionnaire** with more than 40 questions in four sections (human rights, the environment, society and health and safety) to the Group companies' strategic suppliers,⁶⁶ performing **audits** and **participating in round tables promoted by Railsponsible**, an initiative that brings together major railway companies to promote sustainable procurement by sharing best practices and virtuous processes.

Furthermore, based on RFI's expertise, in the second half of 2017, of a new sustainability performance criterion for supplier qualification in tenders using the monitoring platform developed by EcoVadis CSR, **the Group has launched the "Supply Chain Sustainable Management" project** to improve supply chain performance while reducing environmental and social risks in the three-step process described below.

RFI receives the 2018 Procurement Award



Sustainability is an essential and fundamental requirement when selecting supplier companies: this was the reasoning behind the "Ethical and Sustainable Purchases" category at the third annual Procurement Awards Beyond Saving, contest held under the aegis of the Milan municipal authorities to recognise companies' best practices in procurement processes.

The scientific committee, whose members represent nationally important public and private businesses, awarded FS Italiane for its significant achievements in promoting responsible global supply chain and CSR (corporate social responsibility) procurement practices in the railway sector.

⁶⁶ Strategic suppliers were identified considering the percentage of their supplies out of total purchases for 2018.



1

Assessment

Include an assessment of suppliers' sustainability to calculate their score for the awarding of contracts based on the most cost-effective bids

2

Monitoring

Monitor suppliers' sustainability performance by collecting and analysing information on their environmental, social and economic impacts

3

Verification

Conducting supplier audits



PEOPLE AND THEIR VALUE

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

What we have accomplished...

FS Italiane Group

AGAIN PLACED FIRST

in the Best Employer of Choice ranking

OVER 573 THOUSAND DAYS OF TRAINING

roughly 31% more than in 2017

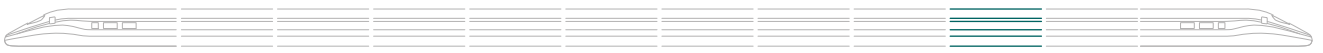
DROP IN ACCIDENTS AND THE FREQUENCY RATE

with performance continuing to outperform targets

Implementation of the new

TALENT MANAGEMENT METHODOLOGY

which entails significant innovation in the approach to the Group's development policies



What we aim to do...

Publish

TALENT ACQUISITION POLICIES AND POLICIES

for relationships with universities and training and research centres

LEADERSHIP PROGRAMME:

introduction **of new learning programmes** for the **development of leadership** to support talent management

PEOPLE PROJECT:

development of **people** with **presentations about their jobs and their stories** to represent the Group

Preparation of

REPLACEMENT TABLES

to map the people in the company and establish succession hierarchies for key positions to **cover critical positions** and the **improvement of development paths for talented people**

What we have accomplished...

WIM (WOMEN IN MOTION)

reached 5,000 students

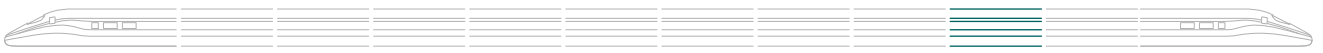
in 40 Italian cities, opening its doors to girls at ten primary schools

AN AGREEMENT WAS SIGNED WITH TRADE UNIONS

to structurally implement Smart Working practices

WELFARE ASSISTANCE

(for creches, summer programmes and study abroad) and **services** (for families facing difficulties, disabled people or those who are not self-sufficient) **were offered**



What we aim to do...

INCLUSIVAMENTE:

special initiatives to spread awareness about **Unconscious Bias** and **D&I** issues

ISSUE NEW GUIDELINES AND TARGETS ON OCCUPATIONAL HEALTH AND SAFETY

in line with the next business plan and **continue to reduce the number of accidents and the frequency rate**

WE:

the new **company intranet will go live** with a change management plan to engage our people

MERIT-BASED SCHOLARSHIPS

for children and **financial assistance for disabled children**

As it considers its people to be invaluable assets, the Group puts them at the centre of its strategies and undertakes to ensure their wellbeing and growth through information, training and development programmes at all organisational levels. The recruitment of new talent, 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, ethnicity, religion, political opinions and personal orientation, and it ensures freedom of association and freedom of speech within its workplace. The Group is committed to implementing a strategic organisational approach of diversity and inclusion as a business change process to develop the skills, aptitudes and expertise that every employee can offer the company. In this context, diversity is the mix of characteristics and uniqueness that distinguishes people, and inclusion is what makes this mix work, cultivating the terrain for the entire organisation's excellent performance.

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 accidents and eliminating fatalities.

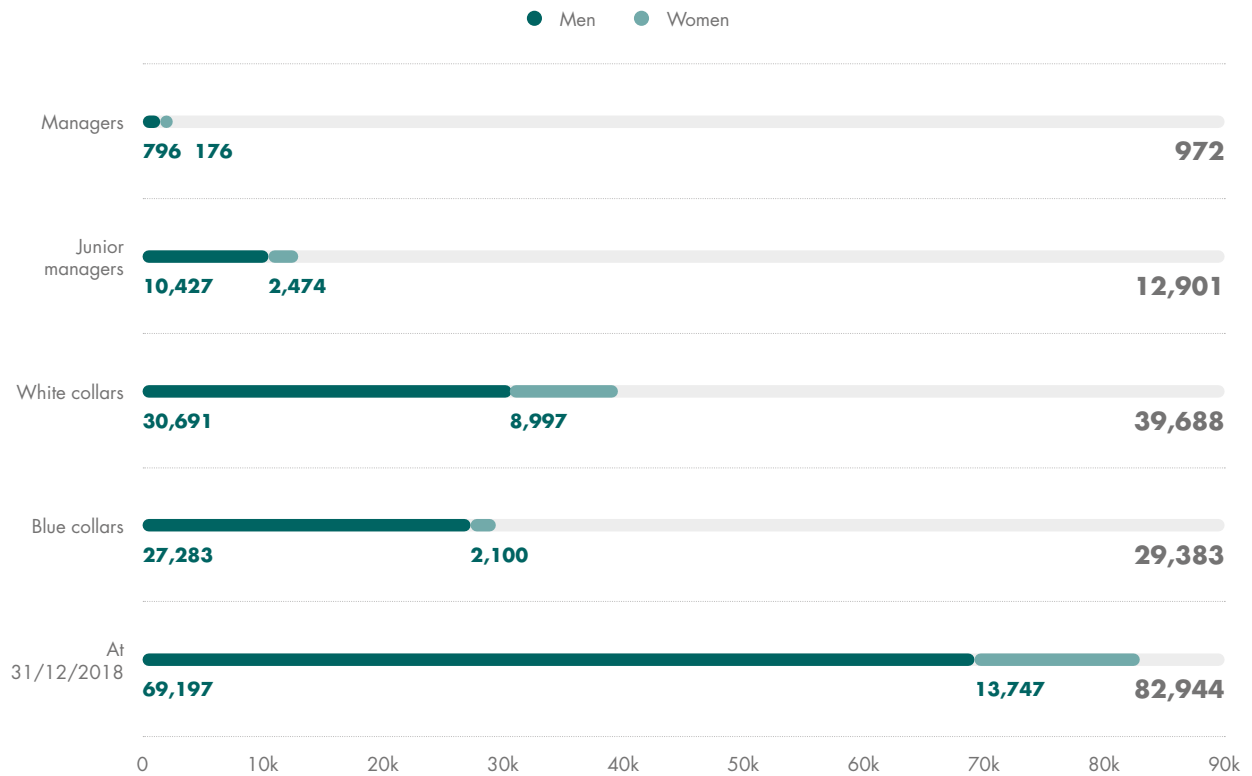
Ferrovie dello Stato Group employs 82,944 people at 31 December 2018, with approximately 90% working for companies based in Italy. This is over 8,500 more than at the previous year end, for an increase of more than 11% (+9% due to the change in the consolidation scope and +2% due to net employee turnover), mainly in the wake of the Group's corporate acquisitions, specifically Anas and its subsidiaries.

The number of female employees has grown by roughly 17% (+1.4 p.p.) in both management and non-management positions, reflecting the Group's steps to narrow the gender gap.

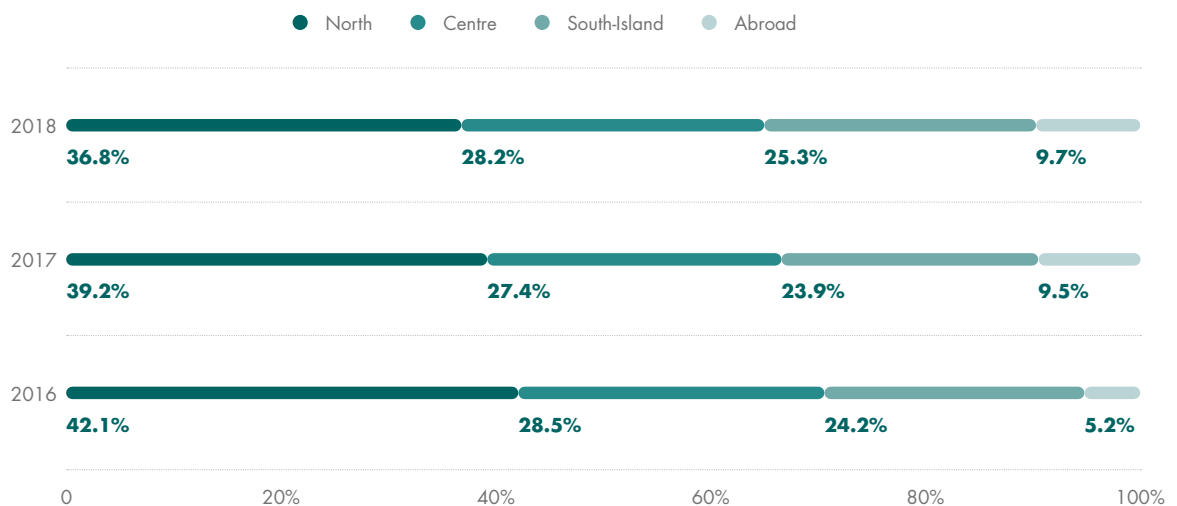
FS Italiane Group workforce	2018	2017	2016
Managers	972	778	727
<i>% of women</i>	18.1	17.2	16.1
Junior managers	12,901	10,996	11,005
<i>% of women</i>	19.2	16.9	16.7
White collars	39,688	33,948	32,117
<i>% of women</i>	22.7	21.6	20.7
Blue collars	29,383	28,714	26,331
<i>% of women</i>	7.1	7.0	6.1
Total at 31 December	82,944	74,436	70,180
<i>% of women</i>	16.6	15.2	14.6
<i>% of men</i>	83.4	84.8	85.4
Annual average	81,662	72,441	69,056



BREAKDOWN OF PERSONNEL BY GENDER

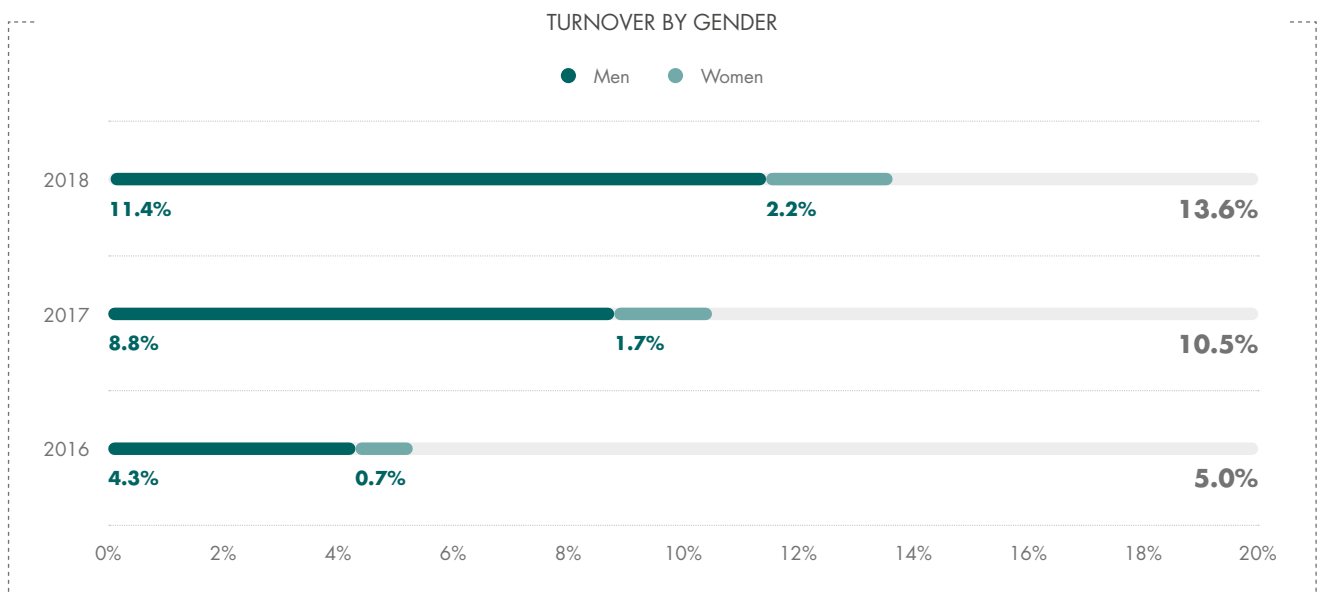


PERSONNEL BY GEOGRAPHICAL SEGMENT



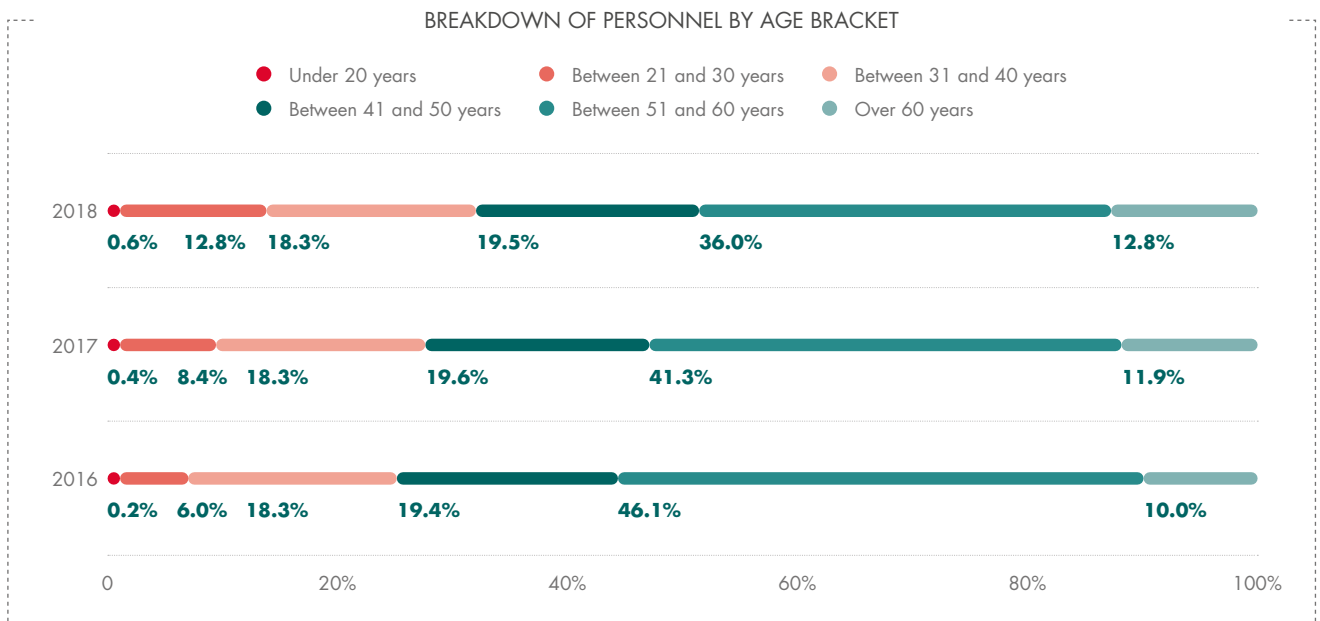
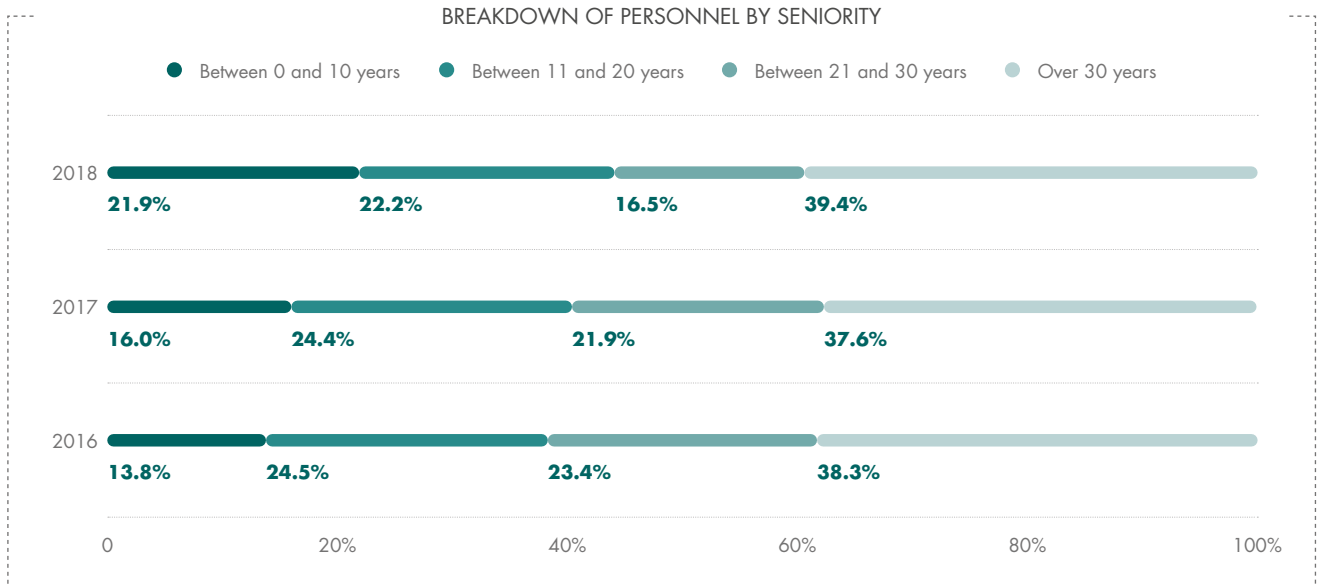


The following graphs show a detailed breakdown of the year's figures⁶⁷.



⁶⁷ The data refer to the following companies: FS S.p.A., RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Mercitalia Transport & Services, Cemat, Busitalia Veneto, Busitalia Ral Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer and Nugo. The total number of employees in this scope of analysis is 62,518, approximately 75.4% of the Group's total workforce.

The turnover rate is 13.6%, compared to 10.5% in 2017.



The average number of years of employment in 2018 is 21.5 years, while the average age is 47.2 years old.

RECRUITMENT AND HR MANAGEMENT

102-8 102-35 102-36 201-3 401-1 401-2 404-2 405-1 405-2

Recruitment

Internal job postings, managed in accordance with the principles of transparency and fairness to increase professional diversification and develop the Group's resources and know-how, encourage employees to express their interest in different areas and fields and update their online CVs in the Group's database. In 2018, over 1,300 resources took advantage of this opportunity and a total of 84 job postings were managed.

In the face of rapid and unrelenting technological, cultural and social change, to meet continuous business challenges, the Group turns to the labour market to recruit young talent and resources with specific expertise who can bring value to the development and achievement of group targets.

Recruitment on the market outside the Group, always in accordance with the principles of fairness, merit-based assessment and transparency, focused on recent graduates in the fields of engineering, information and communication technology, economics and law, and professionals in 2018. Over 400,000 CVs in the Group's database were evaluated, of which over 100,000 were in response to the published ads, creating a pool of 297 recent graduates as attractive candidates. Of these, 80 were recruited through intense, ongoing collaboration with universities (through which over 8,000 young people were met and 5,000 CVs received during the year) and various employer branding activities. In particular, the Group is very active in promoting direct, ongoing dialogue with university graduates in all of Italy, using tools, channels and languages that are familiar to them, with continuous online and social recruitment activities, including planning and holding five #FSRecruitingdays which, through a completely digitalised recruitment process and a specific Facebook page, attracted over 15,000 users who took the online recruitment test (soft skills

and English tests and video interviews) and online virtual reality tests like making makers games and collaboration games, creating another group of candidates for future needs.

Similarly, "professional breeding grounds" that are useful to the business were developed for the professional target, with up to 377 people for expert positions and 25 managerial positions.

In the external selection of operational personnel, while upholding the Group's principles and guidelines, each company followed its own specific procedures, considering the candidate's residence in the region where the job was based as a preferable prerequisite.

To develop skills that will benefit the Italian economy and cultivate potential pools of attractive candidates for operational positions, the Group has focused significantly on high school students through orientations, training and school/work projects, in addition to testimonials from women, expanding the existing network to include 76 active partnerships. Overall, 1,700 students were involved and 110 school/work programmes carried out (training, open days and tours).

Furthermore, the "Neet" project was developed⁶⁸ for young people not involved in training/education/labour to contribute to their orientation, training them in useful skills and matching supply and demand on the labour market.

To consolidate talent attraction and recruitment across all targets, communication and promotional channels for

⁶⁸ "Not (engaged) in education, employment or training", a project carried out as part of a round table with Italian industrial groups (FS Italiane Group, Enel, Poste Italiane, MPS, Widiaba and Amarelli).

job opportunities were expanded: the career website "FSitaliane.it/Lavoraconnoi" was strengthened, the Recruiting Day Facebook page was created, the LinkedIn account was reinforced and digital recruitment tools, like the work/university websites and social networks were extended.

Best Employer of Choice 2019



The Group remains the most attractive employer to recent graduates.

"Leading the Best Employer of Choice ranking for the fifth year in a row is, for FS Italiane, a responsibility and an honour", announced Gianfranco Battisti, CEO of FS Italiane.

In December the Group's #FSRecruitingday campaign led to the hiring of **20 young graduates** in Engineering (electrical, electronic, mechanical, telecommunications, IT and management) and industrial design in 2019.

The Group remains committed to promoting and implementing employer branding and networking initiatives with universities, through ongoing contact with young people. In particular:

- › approximately ten masters programmes, higher training institutes and academies in partnership with universities provide support in the recruitment and organisation process, classroom testimonials by FS managers, research labs, project work and work experience at group companies and, for top students, scholarships (around 50 with leading Italian universities);
- › university courses to promote internationalisation and the development/exporting of know-how abroad - e.g., the "Mobility: Infrastructures and Services" course and Mobility Engineering studies as part of the Mechanical and Electrical Engineering programmes at the Politecnico University of Milan⁶⁹; the "Master Degree in Transport Systems Engineering" at the Sapienza University of Rome (in English, with a large number of foreign students); the "Invest your Talent in Italy" project with the Ministry of Foreign Affairs and International Cooperation and ICE (the agency for the promotion of Italian business abroad and internationalisation), as party of Mechanical Engineering courses at the Sapienza University of Rome and Telecommunications Engineering at the Politecnico University of Milan;
- › degree in IT engineering by the Politecnico University of Milan, taught at Elis in Rome, including the launch of a digital hub, guaranteeing four students study placements for the development of project work of strategic interest to the Group as part of Industry 4.0;
- › work experience and support in the preparation of university theses to foster an exchange of company and university know-how through the stipulation and renewal of conventions with target universities and the development of training projects and innovative aspects for university theses (over 92 work experience projects, 20 conventions and over 130 lessons and testimonials by our managers);
- › seminars and workshops on specific expertise and soft skills to provide young people with orientation and to develop technical skills for railway operations and staff processes - e.g., the Large Company Engineering Department (Sapienza) - a seminar on knowledge and know-how to prepare young people for job interviews or recruitment assessments and co-protection courses in electrical engineering; Consorzio Elis - a workshop about Smart Recruiting to Smart Employee Journeys; Politecnico University of Milan, Electronic and Telecommunications Engineering Department - Round table with companies for a lesson in electrical engineering and the convention on the role of system engineering in the design and management of railway transport systems; National Council of Engineers - the round table for professionals as labour changes (14 sessions);

⁶⁹ Within the scope of the memorandum of understanding for the development of scientific research and cooperation signed by the Politecnico University and FS, also benefiting group companies.

- › organisation of and participation in 20 events all over Italy, including recruiting days, career days and job meetings, as well as diversity events and group presentations: open days, counselling, orientation days and selection of thousands of young people. During these events, the Group and the job opportunities in the various companies are presented by company ambassadors;
- › promotion of the culture of life-long learning with "Federica", in partnership with the Federico II university of Naples, through the development of MOOC - Massive Open Online Courses on the web-learning platform for ongoing training of group employees.

Remuneration and pensions⁷⁰

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). 99.9% of FS Italiane Group employees have open-ended contracts⁷¹.

Employees are also covered by collective agreements; in nearly all cases the national labour agreement for the Mobility/Railway sector⁷² 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.

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 plans 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.

The remuneration system for Ferrovie dello Stato 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.

⁷⁰The scope of analysis includes the companies listed in the note at the start of this section, covering 75.4% of all Group employees.

⁷¹Approximately 1.7% of open-ended contracts are parttime and roughly 8.7% are apprenticeships.

⁷²The 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 and Busitalia Veneto.



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 (Management By Objective) plan, in which the variable component of remuneration is linked to the achievement of specific performance targets for the company and the Group⁷³.

In the 2018 MBO process, occupational safety and environmental sustainability were confirmed as crucial principles and values to be used as the basis for growing the culture and awareness of Group employees.

Total remuneration to managers is integrated with a series of benefits, mainly consisting of mobile phones, insurance coverage for both occupational and other accidents 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).

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.

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.).

⁷³ 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.

Personnel remuneration (percentage difference in women's and men's annual remuneration)		2018	2017	2016
Managers	Gross annual remuneration	-4.3	-5.1	-4.5
	Total annual remuneration	-2.7	-4.7	-3.4
Junior managers	Gross annual remuneration	1.9	1.8	2.3
	Total annual remuneration	-3.0	-3.1	-3.7
White collars	Gross annual remuneration	-2.9	-2.4	-2.0
	Total annual remuneration	-15.8	-15.7	-16.3
Blue collars	Gross annual remuneration	1.7	1.6	0.9
	Total annual remuneration	-4.4	-4.0	-5.6



In 2018, the Group's gender pay gap, based on the total annual remuneration, was equal to approximately 6.2%. In EU countries, the pay gap between men and women is 16.2%, whereas in Italy, this gap is just 5.3% across the whole economy. The same index measured distinguishing between public and private employers shows large discrepancies: in the public sector it is equal to 4.4%, compared to 17.9% in the private sector⁷⁴.

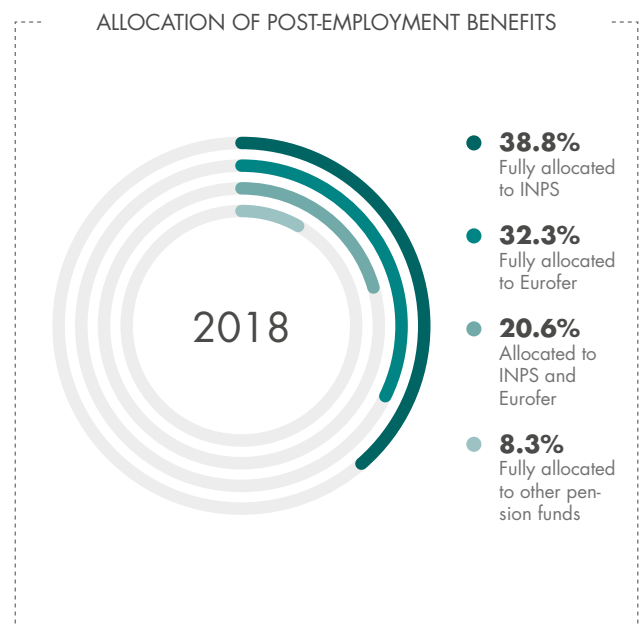
Employees' pensions are financed through specific mandatory contributions shared by employees and employers. Employees pay contributions equal to 9.19% of their remuneration base. This percentage is increased by 1% if the monthly base for the calculation of contributions exceeds €3,886. On the other 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 (NASpl) 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 can pay into 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. 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 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, another €23 per employee for those who did not receive work/life balance benefits and a voluntary contribution of all or part of the premium according to the provisions of FS Italiane Group's agreement of 23 April 2018.

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 following chart illustrates employees' selection of where to allocate their post-employment benefits.



⁷⁴ Source: Eurostat website <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/6776.pdf>, updated in March 2018.

⁷⁵ New social labour insurance.

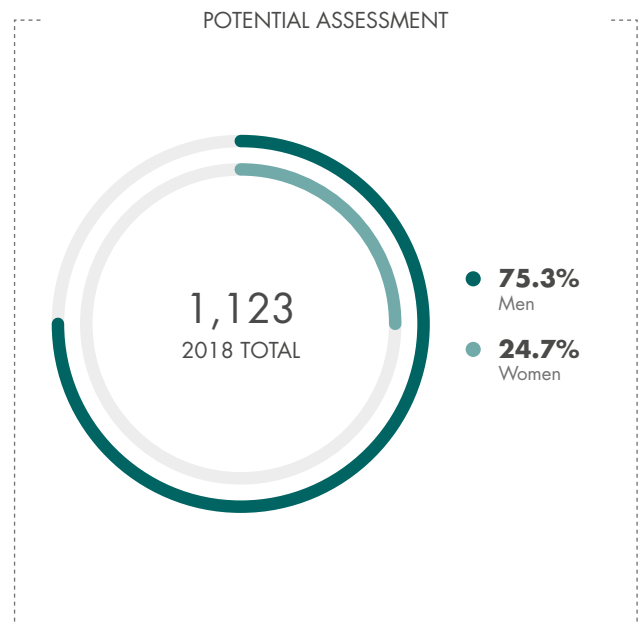
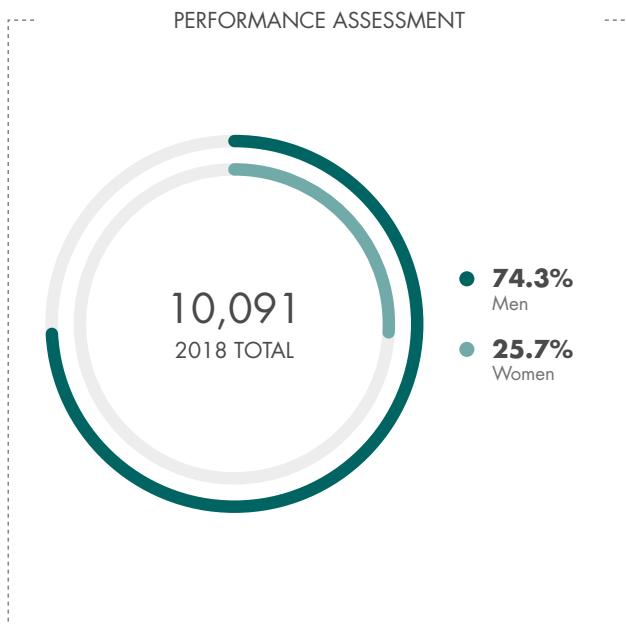
ENCOURAGING AND DEVELOPING SKILLS

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 performance management process is to encourage the advancement of business performance by developing the performance of people. In a performance assessment, the person has the opportunity to 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 roughly 16% of the average workforce for the year⁷⁶. 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).

⁷⁶The percentage is calculated on the scope average (FS S.p.A., RFI, Trenitalia, Ferservizi, Italferr, Mercitalia Rail, Mercitalia Logistics, FS Sistemi Urbani and Busitalia Sita Nord).

Training is a vital tool for the development of professionals and the skills needed to achieve group objectives.

In 2018, over 573 thousand days of training were provided at Group level, approximately 31% more than in 2017, most of which were meant to maintain and update specialised technical skills and develop a greater culture of safety. The increase on 2017 is mainly due to: greater numbers following the acquisition and updating of specialised technical skills for core processes; significant space given to key figures of instructors and tutors for apprentices (particularly in sales); more widespread recognition and greater awareness of safety issues to foster a better understanding of risk management.

Furthermore, around 15,325 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 amounted to over €9.4 million and funding for training generated revenue of roughly €6 million.

The objectives of the parent's training are to:

- › consolidate and develop **managerial skills**, by supporting the performance of people who hold top positions and a wide range of responsibilities and by aligning managers with the new performance management process;
- › accompany the **innovation and change processes** under way by offering training that more closely meets internal clients' actual needs and that is based on a more workshop-oriented approach with on-the-job training;
- › accompany recent graduates through **induction programmes** in terms of alignment with the model of skills, engagement and knowledge of the Group's main business processes and key skills;
- › sustain a **culture of diversity management**, including by focusing sharply on life/work balance issues;
- › facilitate the spread of regulatory and compliance content through digital learning.

⁷⁷ The data refer to the following companies: FS S.p.A., RFI, Trenitalia, Busitalia Sita Nord, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics and Mercitalia Rail.

Performance Evolution

A training programme on the new performance management process was offered with the involvement of over 1,000 Group managers.

Training focused on gaining expertise, the continuous feedback management method and the creation of improvement/development plans for workers.

Customer care

To increasingly improve journey quality, including passenger information and care.

Training focused on actions to support the role of customer care operators working at the Freccia lounges in Rome and Milan, Freccie and Intercity on-board crew and regional assistance personnel.

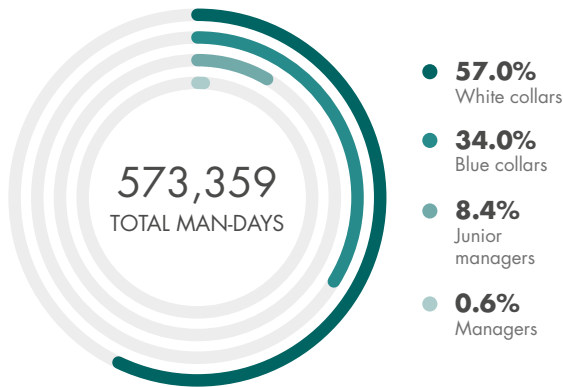
Training provided at Group level includes:

- › **Corporate:** training/information initiatives dedicated to presenting the Group and its strategic pathways;
- › **Behavioural/managerial:** courses and seminars aimed to consolidate and/or develop specific managerial, behavioural and interpersonal skills;
- › **Technical/professional:** training aimed at acquiring and updating both practical and theoretical technical/professional skills;

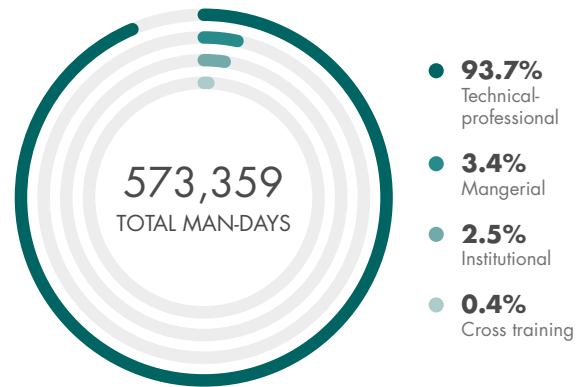
- › **Shared/cross training:** training initiatives to teach and refresh skills shared by people at the same organisational level (languages, IT, etc.) and the professional skills required by Group policies.

The parent and operating companies are generally involved in all of the above training types. Specifically, the parent is, above all, directly responsible for corporate and managerial training for target groups, while the operating companies mainly look after technical/professional training for specific business roles.

TRAINING MAN-DAYS BY PROFESSIONAL LEVEL



% TRAINING MAN-DAYS OF BY TRAINING AREA





HEALTH AND SAFETY

403-2 403-3

The Group has always been known for its commitment to the health and safety of its people, in which all group personnel are involved and which drive the decisions and methods of production processes. FS Italiane Group's new code of ethics builds upon this commitment and confirms that the Group's social responsibility is not limited to strict compliance with regulatory health and safety obligations, but extends beyond them, as the Group invests in people through the continuous improvement of its measures to prevent and promote wellbeing throughout its organisation.

To consolidate the value and commitment to preventing health and safety risks, the Group has organised a workshop called "Health and safety in the workplace and promoting organisational wellbeing", in which over 500 company heads participated, including the main group companies' senior management. The workshop highlighted how important it is to take advantage of the technological/organisational changes driven by digitalisation and the Industry 4.0 programme to concurrently invest in a culture of prevention, along with the need to pursue initiatives and good practices to extend a culture of safety to contracted work as well.

Eni and FS Italiane partner for excellence in occupational safety



Eni and FS Italiane Group* signed a three-year memorandum of understanding to increase safety standards in contracts, improving their management and the related operating processes.

The aim is to share experiences, best practices and knowledge on occupational safety, expand digitalisation to the field of safety risk prevention and promote virtuous, responsible and safe conduct by their employees and their contractors' employees.

(*) A FS-ENI steering group was established to follow up and implement the memorandum.

The activities in connection with the “Health, Safety and Environment organisational models lab” handled by the Scuola Superiore Sant’Anna of Pisa ⁷⁸ continued with three seminars on various issues: leadership styles and “extra-role” behaviour, risk management and the permeability of HSE organisational models and the system of proxies and responsibilities.

In 2018, the Group remained committed to scrupulous prevention management focused on achieving the accidents reduction and goals and improving safety operating processes, as established by Group measure no. 214 of 2016.

Overall data confirm the long-term trend of a continuous

reduction in the number of accidents and their frequency, with a decrease in accidents in transit.

The following table provides data on indemnified accidents currently being defined, as provided by the national labour insurance institution, INAIL.

The initial analysis of the data shows a downward trend in the number of accidents, with a reduction of over 14% on 2017, outperforming the target reduction of 3%, corresponding with a roughly 15% decrease in the frequency rate, compared to the target decrease of 3%. The number of accidents in transit also decreased (by roughly 22%).

Accidents indemnified by INAIL ⁷⁹	2018 ⁸⁰	2017	2016
Accidents in the workplace	1,141	1,333	1,352
Accidents - women	142	175	173
Accidents - men	999	1,158	1,179
Fatal accidents	4	1	2
Accidents - women	-	-	-
Accidents - men	4	1	2
Accidents in transit	264	338	302
Accidents - women	80	88	91
Accidents - men	184	250	211
Overall frequency rate ⁸¹	18.4	21.6	22.5
Frequency - women	14.4	17.2	19.7
Frequency - men	19.0	22.0	22.5
Seriousness index ⁸²	776	838	1,001

⁷⁸ In addition to FS Italiane Group, the industrial groups in the Intercompany HSE Panel (Eni, Vodafone, Enel, Terna, Autostrade per l’Italia, IPZS, Saras, TIM and A2A) also took part in this project.

⁷⁹ INAIL data for 2018/17 are partially consolidated.

⁸⁰ 2018 data refer to the following companies: FS Italiane, RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Italcertifer, Mercitalia Logistics, Mercitalia Rail and Busitalia Sita Nord.

⁸¹ Frequency rate: [no. of accidents at work/amount]x 1,000 employees, calculated in accordance with European ESAW standards.

⁸² Seriousness index: [number of missed days]/amount]x 1,000 employees.

In 2018, Anas recorded 100 occupational accident reports, with a frequency rate of 16.5⁸³.

In Italy, occupational diseases, which lead to immediate damage to employees' health, are reported by the employer to INAIL within the scope of accidents at work, as required by relevant legislation, and INAIL counts them among the category of accidents at work. In the Group's case, specifically, there are reports of accidents 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.

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.

⁸³ The data are processed using the same criteria as for the other companies.

Personnel who received check-ups	2018	2017	2016
Personnel who received health monitoring check-ups	45,561	51,502	45,074
Personnel who received railway safety medical check-ups	24,043	17,735	16,266

Over 12% of man-days in the technical/professional learning area were devoted to occupational health and safety and environment training, for a total of 63,500 man-days.



WELFARE AND DIVERSITY

102-8 405-1

The Group believes that diversity is a value to be recognised 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 wellbeing 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 wellbeing, 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 Committees and directly by specific internal structures.⁸⁴

and creation of ten railway projects (3D models, IT programmes, etc.);

- › **Maternity and multi-faceted leadership training:** another two sessions were held for 20 women after they returned from maternity leave and to about eight of their direct or senior supervisors for a total of 150 man/days. As with the previous editions, over the five days of the course, the women and their supervisors worked on their awareness of the reciprocal demands related to motherhood; the women reflected on strategies and tools to establish a balance between their professional life and family life and on their own motivation and professional effectiveness; their direct superiors investigated issues related to multi-faceted leadership and managing motivation;
- › **Associazione Valore D⁸⁶:** participation in 34 events for men and women to support inclusion of diversity, two intercompany mentoring programmes, five dedicated paths for women managers (a total of 76 employees participated).

Group initiatives

Diversity & Inclusion

- › **Women in Motion (WIM):**⁸⁵ the school orientation campaign continued in the year for female students in Italy, with the involvement of 82 middle and secondary schools across the whole of Italy, for a total of 5,000 students involved. The new after-school work programme, “WIM en route with the other half of the sky” was also created and reached out to ten Italian technical institutes and ten primary schools. A total of 300 students participated, including 150 girls, with 20 FS Italiane workers in technical areas helping them as tutors in the design

⁸⁴ 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 are one national committee and 15 local committees. In 2017, both the National and Local Equal Opportunities Committees were renewed and new chairpeople were appointed (the renewal of some local committees took place in the first months of 2018).

⁸⁵ The WIM 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.

⁸⁶ 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.



Welfare

› Smart Work:

Extension of the smart work programme throughout FS Italiane Group

On 20 April 2018, an agreement was signed by the Group companies that apply the national labour agreement for the Mobility/Railway sector of 16 December 2016 and the trade unions to introduce smart working as a structural way of helping workers balance their professional and personal lives. Workers may participate on a voluntary basis.

Roughly **1,700 potential participants** initially expressed interest in smart working arrangements, **47%** of whom effectively applied to the programme.

After the Morandi viaduct collapsed on 14 August 2018, the Group extended smart working arrangements to employees based at the Genoa site, in addition to taking other extraordinary management measures to support them.

- › **Open Days:** the Group opened up 20 workplaces throughout the country, including offices and plants. A total of 2,780 people took part, including roughly 1,300 children between four and 12 years of age.

At each workplace, tours to specific companies were organised, along with animation/interactive activities and “all-green journey” workshops to teach environmental sustainability in a fun way.

- › **Welfare website:** launched at the end of 2017, this portal is the single, integrated method for finding all the welfare offered by the Group. In addition to offering a large selection of services and benefits for leisure activities and wellbeing, children’s education and family care, it also allows employees to request the reimbursement of expenses for work/life balance services and to access RBM’s websites for supplementary healthcare plan and the Eurofer fund for the supplementary pension fund;
- › **Unilateral donations:** in 2018 the Group planned to make a unilateral donation to support the payment of the creche fees for employees’ children, a unilateral donation for children’s summer activities and study abroad;
- › **Assistance:** in June a new service was created for Group employees to assist families facing difficulties, disabled people or those who are not self-sufficient;
- › **Employee care:** a service was created to support employees with welfare initiatives, including supplementary healthcare.

Equal Opportunities Committee initiatives

› Health prevention:

- › three local seminars were organised to spread awareness about smoking, cancer prevention for women, cancer prevention in general, healthful eating habits, physical activity and healthy lifestyles;
- › as part of the "Prevention and health in the office" project, information was provided on food and beverage requirements for the automatic distributor machines at the central office in Rome, to improve the quality and variety of products available (according to guidelines shared with RFI's Health and Healthcare Department), and functional/environmental requirements for containers.

› Working conditions:

Ferrovie dello Stato Italiane awarded by INAIL of Genoa as a virtuous company

A survey promoted by the Liguria section of INAIL and the Liguria Region's Councilwoman for fair and equal treatment, Laura Amoretti, identified the companies that have developed and fostered peaceful working climates geared towards cultivating interpersonal relationships.

The Group has received recognition for having best represented its best practices for company welfare and diversity in several projects: Give yourself a Gift with Prevention Week, One+One=Three, The meeting makes the differences, smart work and the company welfare website.

› Communication and awareness:

- › more messages were published on the company intranet to spread awareness about equality activities and issues;

- › on 8 March, International Women's Day, a collection of images of what it means to work at FS was published on the company intranet to show women workers in sectors that are still considered typically masculine;
- › to reach women working on board trains and listening passengers, the National Equal Opportunities Committee announced messages on the official FS News Radio;
- › at local level, employee awareness campaigns were launched about the issues of violence against women.

› Occupational safety:

- › several members of the Equal Opportunities Committee participated in the day against occupational accidents and professional disease organised by Trenitalia (Friuli Venezia Giulia); a round table with the Equal Opportunities Committee on occupational stress with regard to gender;
- › several members of the Equal Opportunities Committee participated in refresher courses on occupational hygiene and safety for Ferservizi employees (in Tuscany and Emilia Romagna) about the impact of gender on occupational health and safety.

› Analyses and studies:

- › the processing of data in the two-year report on FS Italiane Group personnel began⁸⁷;
- › a sentiment analysis was held on 8 March, involving the members of the national and local Equal Opportunities Committees and other male and female workers, to discuss international women's day and the needs of working women.

⁸⁷ Prepared pursuant to article 46 of Legislative decree no. 198/2006 "Equal Opportunities Code".

RELATIONSHIPS WITH TRADE UNIONS

102-41 401-3 402-1 403-2

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 agreement⁸⁸. 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 2018 annual report (Directors' report, paragraph on Commitment to sustainable development - Human capital).

The percentage of group employees who are members of trade unions and group employee absenteeism remained substantially the same at 61.8% and 8.7%, respectively.

Absenteeism rate and missed hours due to strikes	2018	2017	2016
Absenteeism rate ⁸⁹ (%)	8.7	8.8	8.9
Missed hours due to strikes (no.)	39,779	57,709	108,776

The number of missed hours due to strikes decreased substantially on the previous year. Hours missed because of strikes accounted for 28% of the total.

⁸⁸ There are no risks to the freedom of association and bargaining within Ferrovie dello Stato Italiane Group.

⁸⁹ The absenteeism rate is calculated considering, specifically, hours missed due to illness, accidents, maternity leave, strikes, Law no. 104, study leave, marital and extraordinary leave.

Parental leave

FSItaliane 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 2018 is detailed below:

Parental leave	number	days
Women	1,044	19,720
Men	4,202	52,297
Total	5,246	72,016

Measures to protect maternal healthcare include leave for prenatal check-ups and care, as well the baby's medical care⁹⁰, with the Group's supplementary contract offering better remuneration than that guaranteed by the national labour agreement.

⁹⁰ 30 days of paid leave per year, up to the child's third year.



SUPPORT TO THE COMMUNITY

103-2 103-3

What we have accomplished...

Participation in the

“FA’ LA COSA GIUSTA”

trade fair in Milan on sustainable lifestyles

NETWORK OF HELP CENTRES

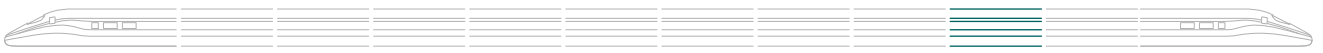
approximately 20,700 people facing hardship received assistance

CHRISTMAS FUND RAISING
CAMPAIGN

over €300,000 raised

CHILDREN’S TRAIN

a Frecciarossa brought 400 children from outside Milan and Rome to meet Pope Francis



What we aim to do...

TRAINING

for railway personnel social hardship at stations

OPENING OF NEW HELP CENTRES

in Rovereto and Viareggio. Expansion of help centres to larger spaces in Pescara and Messina. Evaluation of the opening of help centres in Terni and Cagliari

As part of the protocol with the region of Tuscany

EVALUATION OF THE OPENING OF HELP CENTRES

in Livorno, Montecatini and Grosseto

2019 FUND RAISING CAMPAIGN

to mark the 10th anniversary of the high speed train

What we have accomplished...

JOURNEYS ON HISTORIC TRAINS

914 journeys on historic trains for a total **of 75,000 passengers**

Addition of the

WINDOW ON ITALY ON THE TOPRAIL WEBSITE

offering Fondazione FS journeys on historic trains

85 SOLIDARITY TICKETS ISSUED

to people facing serious social hardship



What we aim to do...

SOLIDARITY TRAIN

fund to help extremely disadvantaged people purchase railway tickets



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. Breaking away from the concept of the welfare state of the past seventy years, 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

As the economic crisis continues and migration surges, 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 answer to the growing phenomenon of social hardship and the considerable rise in migration to Europe and, in particular, Italy.

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. The Group plays a key role in this project, providing space inside or near to the station on free loan to associations and authorities engaged in combating social marginalisation and covering urgent needs so they can create the appropriate structures.

The help centre network currently spans 18 railway stations from Northern to Southern Italy:



The total surface area granted on free loan is 2,658 m², with a commercial value of €3,987,000⁹¹.

⁹¹ Estimating an average of €1,500 per m².



Help centres will open in Rovereto and Viareggio in 2019, while plans are being made to expand the help centres in Pescara and Messina and technical studies are under way for the opening of centres in Terni and Cagliari.

Under an agreement between the Tuscany regional authorities and FS Italiane Group, additional help centres in Livorno, Montecatini and Grosseto are being evaluated.

So the help centres may work in synergy, benefiting the service and the safety of railway areas, the Group draws on a close partnership with the National Observatory for the Disadvantaged and Solidarity at Stations ("ONDS"). Managed by the social cooperative Europe Consulting, ONDS coordinates all the centres, trains the help centre workers and conducts detailed analyses on social hardship⁹². The real-time situation of the network help centres is published on www.onds.it.

The help centre network's main services

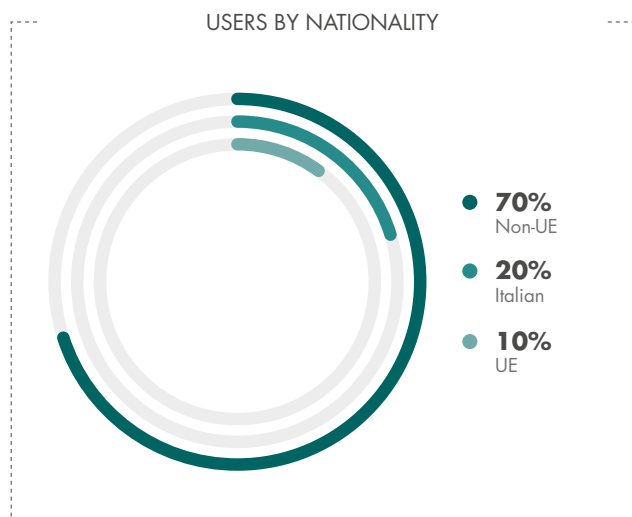
In 2018, the help centre network assisted around 20,700 people, down significantly (-20%) on 2017 due to the relocation of certain services, specifically the Milan help centre which moved to other offices, and the installation of access gates to the station platforms. However, there was a rise in the percentage of new users, i.e., those using the social services available at the station for the first time, reflecting how the recently impoverished see the help centres as a place to seek guidance and help.

⁹² ONDS uses the Anthology IT platform to collect and analyse data.

Main help centre indicators	2018	2017	2016	2018 vs 2017
Total days open	4,927	4,635	4,565	6%
Total hours open	23,936	25,614	31,721	-7%
VISITORS	159,299	192,958	241,237	-17%
Social orientation projects	92,546	95,181	74,411	-3%
Low threshold projects	241,451	361,107	409,005	-33%
TOTAL PROJECTS	333,997	456,288	483,416	-27%
TOTAL USERS	20,677	25,890	22,687	-20%
New users	13,769	13,254	10,790	4%



The centres provided over 90,000 forms of support and social guidance and carried out 240,000 low threshold projects (providing necessities such as food, clothes, blankets or basic sanitary services), bringing the total to approximately 334,000 social projects. Men remained the main beneficiaries (83%), most of whom were foreigners, with 70% from countries outside the UE and 10% from EU countries.



Shelters

In addition to the help centres, through major Italian non-profit associations, many shelters have been set up in idle 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.

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 €16,500,000⁹⁴. Overall, the total surface area granted in 2018 on free loan for social activities is approximately 13,700⁹⁵ m², with an estimated value of around €20,500,000⁹⁶.

⁹³ Operating out of the former Rome shunting site Ferrotel since 2002, the centre sheltered 64 people from 18 families in 2017. Ten families left the centre to live independently, semi-independently or in community homes.

⁹⁴ Based on an average value of €1,500 per m².

⁹⁵ The surface area includes the help centre network (2,658 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 Milan Centrale).

⁹⁶ The average market sales value is estimated to be €1,500 per m². Ferservizi provided this figure (the same as in the previous year) based on average market values for properties in large cities that have partially deteriorated and are in areas with low commercial value.



Reuse of idle real estate assets and railway lines

In addition to assets that are functional for its core business, FS Italiane Group also owns extensive real estate holdings, some of which are no longer used, consisting of railway stations, booths and tracks⁹⁷. To date, in collaboration with local bodies and non-profit associations, 491 stations have been dedicated to activities that enhance the value of the area or activate services for the public. Overall, roughly 118,000⁹⁸ m² have been allocated for these purposes, with a total value of approximately €176,600,000.

There are about 1,400 km of idle railway lines, including definitively discontinued lines pursuant to Ministerial decrees, and lines discontinued due to route variations, that could potentially be used for social initiatives and soft mobility. To date, over 400 km of idle lines have been converted into tourism lines, bike paths and greenways.

Fund raising campaign

Each year, FS Italiane Group promotes and organises the traditional Christmas fund raiser in collaboration with leading organisations active in social issues.

In 2018, funds were raised in the "SHARE" campaign for Fondazione Banco Alimentare, a non-profit food bank foundation which collects and distributes food. Approximately 300 volunteers on board trains distributed Perugina chocolate bars to passengers in exchange for a minimum donation of €3. With €3, Banco Alimentare can collect and distribute 21 kg of food, equal to 42 meals⁹⁹.

Fund raising continued until the end of June 2018 at self-ticketing machines and in FrecciaClub lounges, raising nearly €340,000 in donations.

At year end, in collaboration with ActionAid Italia, the Group held the "Their future in your hands" fund raising campaign to prevent students from dropping

out of school and to create inclusive and responsible communities. Volunteers on board trains distributed Altromercato chocolate bars to passengers in exchange for donations. The OpenSpace project, another partnership with ActionAid, aims to create inclusive, high-quality education that empowers boys and girls through innovative workshops.

National and European projects and social awareness campaigns

Nationally, again in 2018, FS Italiane Group participated in "Fa' la cosa giusta" (Do the right thing), the main Italian fair about responsible consumption and sustainable lifestyles. The fair offers participants the chance to meet and discuss the economic, social and cultural development of areas that are more remote and with fewer tourists.

In 2018, the Group allocated roughly €169,000 for crucial projects and initiatives to help socially disadvantaged people on a national and European level.

⁹⁷ The number refers to stations with at least one free loan agreement in place.

⁹⁸ The number refers to buildings granted on a free loan basis. The Group also granted yards outside the stations and/or land of approximately 8,188,145.26 m².

⁹⁹ 1 meal equals roughly 500 gr of food according to estimates used by the European Federation of Food Banks.

Activities	Detail of activities	Amount
Continued ONDS activities in 2018	Activities to support 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 for the management of the database as a shared work tool	€120,000
Social projects	Participation in the 15th "Fa' la cosa giusta" initiative as a mobility partner, the assessment of social activities, European network meetings and Christmas fund raising campaign	€42,918
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 National Observatory for the Disadvantaged and Solidarity at Stations.	€6,000
		€168,918

In Europe, the Group is a partner in the European network of railway mobility operators that have decided to combine their experience in programmes for social disadvantage. Since 2008, the Group has been a signatory of the European charter for solidarity (European charter for the development of social initiatives at stations), which 17 partners from different European countries¹⁰⁰ have signed to show they share the same vision of civil and social commitment in the management of social distress at stations. The European social network has expanded over time to include 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 others¹⁰¹.

¹⁰⁰ Romania (CFR), Slovenia (Zeleznice), Norway (NSB), Bulgaria (NRRIC) and Denmark (DSB), the Czech Republic (CD), Sweden (Jernhusen), Germany (DB), Croatia (HZ), Greece (Trainose) and Serbia (SZ).

¹⁰¹ Additional members include the Spanish Railway foundation, ANCI, 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 constantly sponsors national events like concerts, exhibitions, performances, conventions, music festivals and initiatives to safeguard artistic, cultural and scientific heritage.

In 2018, not only did the Group renew major partnerships with the country's main foundations and museums, but it also pursued cultural partnerships, which increased substantially to create ever more new travel opportunities by train as the ideal means to travel to art cities, experience the country's cultural highlights and visit the most important exhibitions.

The main events in which the Group participated in 2018 were:

- › the Venice Biennale (Art and Film Festival),
- › the Rome Film Festival,
- › the Rome Summer Fest at the Parco della Musica Auditorium,
- › Firenze Rock.

In addition, the Group partners with Zetema, Fondazione Musei Civici di Roma, Fondazione Brescia Musei, Ferrara Arte, Arthemisia group, Mondomestre Skira, 24hours Cultura and the municipal theatre of Bologna, which offer discounts to visitors travelling to their exhibitions by train.

The Group is also a member of:

- › Associazione Civita, a landmark in the national debate for the protection and enhancement of cultural and environmental heritage,
- › Accademia Nazionale di Santa Cecilia, on whose behalf it promotes concerts and events.

Other social issues

In 2018, in collaboration with leading charitable institutions and associations, Ferrovie dello Stato Italiane Group developed initiatives to: safeguard and promote health, encourage the culture of disabilities and making railway services accessible to the disabled, driving fair and equal sports, preventing the risk of dropping out of school, protecting women and espousing environmental sustainability.

Specifically, the Group has participated in the following projects:

- › Frecciarossa: "Prevention Travels at High Speeds". This initiative is meant to prevent and treat breast diseases and provide education about healthy lifestyles;
- › Children's train: this event is promoted and organised by the Pope's Council for Culture and "Cortile dei Gentili" on the topic "Caretakers of the World". The Frecciarossa travelling to the Vatican welcomed many young children on board: 400 children from four primary schools in the area surrounding Milan and two schools from outside Rome. The day culminated in a meeting with Pope Francis;
- › Festival of Para-Olympic culture: promoted by the Italian Para-Olympic Committee with the Group's support, this event was held 21st - 23rd of November at the Tiburtina station in Rome, representing the inclusion of others, discussion and integration. Travelling on board the Freccia trains, Italian Para-Olympic champions participated in this event: Bebe Vio, Alex Zanardi, Oney Tapia and Daniele Cassioli;
- › Treno Verde (Green train): a Legambiente and Ferrovie dello Stato Italiane initiative now in its 30th edition, again recognised by the Ministry of the Environment, looks forward to Italy in 2030. The green train departed Brussels to demand more ambitious, tangible targets of the European Union in the 2030 Energy and Climate Package;

- › Games without borders: designed by the art4sport non-profit association run by Italian Para-Olympic champion Bebe Vio in collaboration with the Italian National Olympic Committee, this charity event aims to promote a culture in which sports serve as a means of integration and socialisation for children and teenagers;
- › Race for the Cure: the largest event in the fight against breast cancer.

Local initiatives that receive the Group's support include:

- › Volunteering at the food bank: employees may team up to collect food donated by employees for the Lazio food bank, with volunteers and food bank representatives;
- › the OFFICIUM - cystic fibrosis association: sale of Christmas goods with the proceeds used to fund

projects that help children and young people with cystic fibrosis;

- › one of the canteens run by the Sant'Egidio community in Rome: "The Streets of Solidarity" project.

FONDAZIONE FS ITALIANE

Fondazione FS Italiana 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



- › 29 steam trains
- › 48 electric and diesel trains
- › 13 electric and diesel engines
- › 98 carriages and special vehicles
- › 12 wagons and trunks
- › 18 presidential train carriages



- › 55 rolling stock on show
- › 39 to-scale plastic station models
- › 1 library with roughly 2,000 volumes
- › 1 plastic Trecentotreni model (18x2 m)

- › 50,000 historic volumes
- › periodicals
- › blueprints and profiles



- › 500,000 black and white and colour film and digital photographs
- › 5,000 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 trains¹⁰²;
- › promoting railway tourism;
- › maintaining and rolling out historic vehicles;

- › managing the Museum of Pietrarsa;
- › promoting and organising events, shows and exhibitions.



JOURNEYS ON HISTORIC TRAINS

- › 914 individual journeys with historic trains for a total of 75,000 passengers
- › 500 journeys with historic "Binari senza tempo*" (timeless rails) trains for a total of 47,000 passengers
- › 68,520 trains/km
- › €3.7 million in revenue



MUSEO NAZIONALE FERROVIARIO DI PIETRARSA

- › 170,000 visitors
- › 2,850 historic train visitors
- › 30 major events
- › €1 million in revenue

* Railway lines, between nature and art, dedicated to historic-tourist trains, outside the main rail hubs and lines with intense traffic

¹⁰² The following railway lines reopened for tourism as part of the "Timeless rails" project, have been selected for inclusion in a genuine "moving museum": ("Ferrovie della Valsesia", "Ferrovie del Tanaro", "Ferrovie del Lago", "Ferrovie della Val d'Orcia", "Transiberiana d'Italia", "Ferrovie dell'Irpinia", "Ferrovie dei Templi", "Ferrovie del Sannio", "Ferrovie Pedemontana" and "Ferrovie del Monferrato").

2018 saw the expansion of the foundation's website, www.fondazionefs.it (e.g., a new section was created for the technical designs of rolling stock) and the website of National Railway Museum of Pietrarsa, www.museopietrarsa.it (the graphics were updated and other virtual tours of the museum were added). The online historical archives, www.archiviofondazionefs.it, a

public website where documents, designs, photographs and digitalised films are available for viewing, grew to include new audio-visual material and digitalised documentation and the section "Historical archives of rolling stock designs", which is the most direct and complete source for historians studying the history and technology of Ferrovie dello Stato's rolling stock.

Top Rail: sustainable tourism



The **TopRail** project comes in the wake of the UN declaration of "2017, the year of sustainable tourism". Its aim is to promote and encourage **railway tourism**,

highlighting **service quality with an emphasis on sustainable development** through partnerships, business agreements and everything else necessary to deliver a product that meets the expectations of responsible tourists.

Today, the **TopRail** website includes a window for Italy

offering Fondazione FS journeys on historic trains. The objectives of this project include:

- › **making train travel more attractive** to an ever larger group of tourists;
- › **making trains attractive for communities:** railway tourism is linked not only to tourist attractions but to cultural, food & wine and other local attractions as well.

This year, the project entailed "soft" journeys on idle railway lines for tourism.

Fondazione FS doubled its presence on Facebook with a new page for the National Railway Museum of Pietrarsa, which garnered 18,000 likes, while the foundation's official Facebook page has over 146,000, and more than 4,100 people have signed up for the newsletter that it sends out every month with a schedule of events.

Fondazione FS invests its revenue (mainly from the lease of 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 impacts generated by the foundation's activities is shown below:¹⁰³

¹⁰³ Impacts are estimated considering the framework provided by Associazione Civita "From CSR to Corporate Cultural Responsibility: how to enhance the cultural projects of companies"

REVENUE FROM MEMBERS¹

€49.9 MILLION

REVENUE FROM ACTIVITIES²

€11.8 MILLION

VALUE OF ASSETS³

€10.1 MILLION

VALUE FOR LOCAL COMMUNITIES⁴

€18.2 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.

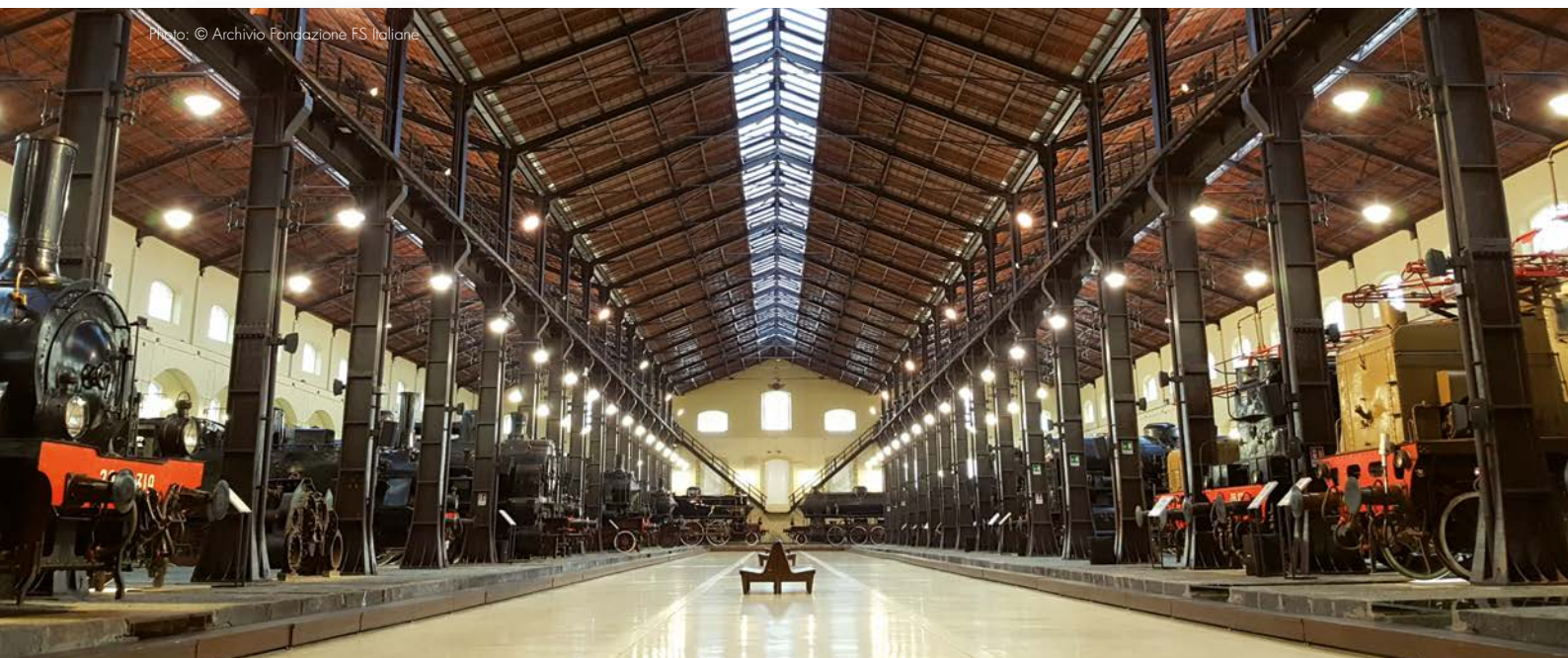
¹ Revenue from members refers to donations made by founding members during the 2014-2018 five-year period for grants related to income (to run the Fondazione) and assets (to fund the Fondazione's investments in protection and maintenance projects and to increase property, plant and equipment and intangible assets).

² Revenue from other activities includes: ticket sales for the Museum of Pietrarsa, hiring out historic trains and other commercial revenue during the 2014-2018 five-year 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.

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" as part "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.

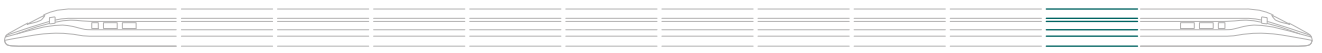
Photo: © Archivio Fondazione FS Italiane





10

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 performed a limited assurance engagement on the 2018 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 the sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI Standards") that are detailed in the "Introduction" section of the sustainability report, and 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 group's objectives regarding its sustainability performance, the reporting of the achieved results and the identification of the stakeholders and the significant aspects to report.

Auditors' responsibility

Our responsibility is to prepare this report, based on the procedures performed. 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 comply the ethical and independence requirements provided for by applicable Italian laws and regulations, maintain a system of quality control (ISQC Italia 1) and that we plan and perform the engagement to obtain limited assurance about whether the sustainability is free from material misstatement.

The procedures we performed on the 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.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliato a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Ferrovie dello Stato Italiane Group
Independent auditors' report on the sustainability report
 31 December 2018

Our procedures included assessing compliance with standard GRI 101: Foundation that defines the content and quality of the sustainability report and are summarised below:

- comparing the financial disclosures presented in the "Creation of value for stakeholders" section of the sustainability report with those included in the group's consolidated financial statements at 31 December 2018, on which we issued our report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010 on 15 April 2019;
- holding interviews aimed at analysing the governance system and the process for managing the sustainable development issues relating to the group's strategy and activities;
- analysing the reporting of significant aspects process, specifically how these aspects are identified and prioritised for each stakeholder category and how the process outcome is validated internally;
- analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following:
 - interviews and discussions with management personnel of Ferrovie dello Stato Italiane S.p.A. and personnel of Rete Ferroviaria Italiana – RFI S.p.A., Trenitalia S.p.A., ANAS S.p.A., Ataf Gestioni S.r.l., Busitalia-Sita Nord S.r.l., Busitalia Veneto S.p.A., Grandi Stazioni Rail S.p.A., Ferrovie del Sud Est e Servizi Automobilistici S.r.l., Netinera Deutschland GmbH and Qbuzz BV, to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;
 - sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the existence and adequacy of processes and that the internal controls correctly manage data and information in relation to the objectives described in the sustainability report;
- analysing the compliance and overall consistency of the qualitative information included in the sustainability report with the guidelines referred to herein in the "Directors' responsibility for the sustainability report" paragraph hereof;
- analysing the stakeholder involvement process, in terms of methods used, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter signed by the parent's legal representative on the compliance of the sustainability report with the guidelines indicated in the "Directors' responsibility for the sustainability report" paragraph and on the reliability and completeness of the information and data contained therein.

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.



Ferrovie dello Stato Italiane Group
Independent auditors' report on the sustainability report
31 December 2018

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2018 sustainability report of the Ferrovie dello Stato Italiane Group has not been prepared, in all material aspects, in accordance with the GRI Standards that are detailed in the "Introduction" section of the sustainability report.

Rome, 15 April 2019

KPMG S.p.A.

(signed on the original)

Marco Maffei
Director of Audit



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